

1 as an exhibit and made a part of this hearing.

2 All right, are there any questions about  
3 the process of the hearing tonight?

4 All right, when I call your name, please  
5 come forward to the microphone, state your name, the  
6 organization that you represent, if any, and whether  
7 you're also providing written comments. Also, for  
8 administrative purposes, please specify whether you're  
9 commenting on the Draft Environmental Impact Statement,  
10 whether you're commenting on subsistence under .810 of  
11 ANILCA or whether you're commenting on the Commissioner's  
12 Proposed Determination.

13 So far we have 39 individuals scheduled  
14 who have signed up to speak. So we'll start at the top  
15 of the list, Mayor Rhonda Boyles. 00220

16 MAYOR BOYLES: Good evening. I'm the  
17 proud mayor of the Fairbanks North Star Borough  
18 progressive and positive environment. Rhonda Boyles.

19 North Slope oil reserves, however  
20 decreased from prior years are still sufficient to  
21 support another 30 years of pipeline operations. And  
22 backing up, I guess I would be commenting on the  
23 Commissioner's Finding, sir. I'll let you decide that  
24 after you hear what I'm saying. Pipeline assessed value  
25 for the Fairbanks North Star Borough for the year 2001

220-1

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6

1 was \$277 million. This translates to six cents per every  
2 \$1 of revenue brought into the Fairbanks North Star  
3 Borough through property taxes. Each year this formula  
4 is litigated or negotiated. It is my opinion that the  
5 lease term directly affects this methodology and the  
6 longer the term of the lease, the higher the value of the  
7 asset, which translates consequently into higher revenue  
8 directly to the borough coffers.

220-1  
(Cont.)

9 Most aging assets require a more pro-  
10 active and aggressive maintenance schedule. If that  
11 asset, our pipeline has been well maintained then the  
12 responsibility of continued upkeep at the same level  
13 requires less huge expenditures and modifications but a  
14 continued consistent commitment to maintenance.  
15 Oversight above and beyond what is already in place is  
16 expensive. Why should we increase the number or the  
17 quantity of overseers and regulators. Why not make the  
18 existing commissions, committees, regulatory agencies  
19 accountable to a higher standard, eliminate the political  
20 oversight and rely on the professional and skilled  
21 regulators and accountability will automatically  
22 increase.

220-2

23 Governor's Knowles motto for our state is  
24 we are open for business. Private corporations expect  
25 accountability and know that self-regulation translates

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7

1 into consistency and longevity and that translates into  
2 profits which benefits the entire state and every citizen  
3 in it. The Trans-Alaska Pipeline and the products it  
4 carries has served the state and its residents superbly.  
5 Our quality of life, our economy, our future and our  
6 future security is directly relative to our oil industry  
7 prior years and presently at this time.

220-2  
(Cont.)

8 While industries such as seafood,  
9 tourism, air cargo and service continue to provide  
10 alternative sources of growth and revenue, a short  
11 renewal period would send the message of a risky business  
12 investment climate and be translated as such by potential  
13 investors, especially oil and gas investors. Now is the  
14 time for us to send a different message. We want gas  
15 development in our state and now that would result in  
16 diversification, value added production, jobs, managed  
17 growth and quality of life for our children and our  
18 grandchildren.

220-3

19 Let us think as one state with one mind.  
20 Let's renew this lease for 30 years. Let's let the  
21 owners of this asset know we want them here and let's  
22 immediately improve our leverage position by encouraging  
23 additional resource development and business investment  
24 in our state. That produces diversification and that  
25 translates into a diversified revenue source.

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1                    Alyeska has fulfilled all the terms of  
2                    the existing lease requirements. They're in full  
3                    compliance with all state laws and have met all of their  
4                    financial obligations in a timely and ethical manner.  
5                    And those obligations were to us, the citizens of the  
6                    state, they are a good corporate citizen.

220-3  
(Cont.)

7                    Let's renew their Right of Way for at  
8                    least 30 years and begin our bright future right here in  
9                    the state of Alaska.

10                    Thank you.

11                    HEARING OFFICER GEARY: Thank you, Mayor  
12                    Boyles. Mayor Jacobson. 00221

13                    MAYOR JACOBSON: Thank you. I'll be  
14                    speaking to both the DEIS and the Commissioner's Proposed  
15                    Determination Report. I echo much of what Mayor Boyles  
16                    stipulated in her comments.

17                    Again, Alyeska has been a very good  
18                    corporate citizen for the last 30 years. They have  
19                    maintained a high standard of excellence in operating  
20                    what I, would think would be even the eighth wonder of  
21                    the world, the Trans-Alaska Pipeline that traverses such  
22                    difficult and diverse terrain and climate and geography.  
23                    As a result of that pipeline structure, the state of  
24                    Alaska and all of its residents and citizens have  
25                    benefited significantly and our quality of life is at

221-1

221-2

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1 such a standard that we never would have anticipated  
2 without this pipeline being in our home.

221-2  
(Cont.)

3 I, for one, believe that a 30 year  
4 renewal of Right of Way is essential for the continued  
5 maintenance of this operation. Anything short of a 30  
6 year would result in higher operational costs that would  
7 reduce the amount of funds available to the state of  
8 Alaska through its share of royalties.

9 In looking at the three large volumes,  
10 and I failed to bring them tonight that were required for  
11 the Draft EIS statement, it's a significant document.  
12 It's hard to even begin to even know where to read that  
13 let alone the amount of work that went into it and the  
14 millions of dollars it cost to prepare that. I feel that  
15 requiring Alyeska to do this every 10 years would be an  
16 unnecessary burden.

221-3

17 The other issue that I would like to  
18 speak to is that I think that the last 30 years that  
19 Alyeska has demonstrated a responsiveness to the public  
20 as far as concerns expressed about its operations, its  
21 safety and that additional oversight is not necessary at  
22 this time. I do believe, though, that with the age of  
23 the pipeline, additional funding for maintenance is  
24 essential and as corporations try to streamline  
25 operations, this is one of the things that should be

221-4

221-5

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10

1 emphasized is that adequate and increased maintenance  
2 funds should be allocated for the operation of, the safe  
3 operation of the pipeline through our communities.

221-5  
(Cont.)

4 A case in point, two years ago, Alyeska  
5 replaced a valve in the North Pole area, they provided  
6 lots of opportunity for the public to comment, to come  
7 out and visit and tour and watch that and I found that  
8 very informative as being able to have first-hand  
9 knowledge of the kind of work that Alyeska does to  
10 maintain the operations of the pipeline. And, again,  
11 this just speaks to the good corporate citizenship and  
12 the great business partner that they are.

13 Thank you for allowing me to comment  
14 tonight.

15 HEARING OFFICER GEARY: Thank you, Mayor  
16 Jacobson. Mayor Thompson. 00222

17 MAYOR THOMPSON: I, too, would like to  
18 thank Mayor Boyle for her comments, I echo those also.

19 Over the last 30 years, Alyeska, through  
20 TAPS has been a very responsible steward of the  
21 environment. They've created opportunities for local  
22 businesses and it's been very encouraging that they have  
23 spent more dollars on maintenance and repairs than it  
24 cost to build the original pipeline.

222-1

25 The city of Fairbanks, I received a

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11

1 letter dated July 5th from Mr. John Kerrigan from the  
2 State Pipeline Coordinator's Office which I sent a reply  
3 on July 17th and attached a resolution that was passed  
4 unanimously by the city of Fairbanks and I'd like to read  
5 that into the record.

6 It's Resolution No. 3945. A resolution  
7 supporting renewal of the Trans-Alaska Pipeline system  
8 TAPS Right of Way.

9 Whereas, the Trans-Alaska Pipeline system  
10 transports approximately one million barrels of oil each  
11 day from the North Slope to Valdez, constituting some 17  
12 percent of the United States crude oil production; and

13 Whereas, our nation needs to continue and  
14 increase the flow of Alaskan crude oil and without TAPS  
15 our nation would be more vulnerable to less reliable  
16 sources of energy; and

17 Whereas the six TAPS owners companies  
18 have operated the system responsibly since startup, and  
19 have demonstrated their commitment to safe and prudent  
20 future operations; and

21 Whereas, the current TAPS Right of Way  
22 expires in 2004 and the owner companies have applied to  
23 renew the Right of Way for an additional 30 years until  
24 2034;

25 Now therefore be it resolved, that the

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12

222-2

1 Mayor and the City Council of the city of Fairbanks,  
2 Alaska, by this resolutions support this renewal of the  
3 TAPS Right of Way for another 30 years without burdensome  
4 conditions.

222-2  
(Cont.)

5 And this was unanimously passed.

6 And I'd like to just bring this and put  
7 it in the record.

8 HEARING OFFICER GEARY: Please, thank  
9 you.

10 MAYOR THOMPSON: Thank you.

11 HEARING OFFICER GEARY: Thank you, sir.  
12 I'm going to admit and mark this as Exhibit 51.

13 (Hearing Exhibit 51 marked)

14 HEARING OFFICER GEARY: Kathy Marquette.

15 MS. MARQUETTE: My name's Kathy 00223

16 Marquette. I agree with what all three Mayors said. And  
17 I'm very grateful for the pipeline, all that it's brought  
18 to the community and to the state.

19 But I have just one thought, I hope you  
20 do -- everything goes well but our times are like no  
21 times we've had, ever. I could say during World War II  
22 we didn't even have the pipeline so we didn't have to  
23 worry. But since September the 11th, we know what's  
24 going on all around the country and we have to become  
25 more alert. What is done to help protect the pipeline?

223-1

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1 What are they doing? What are the goals?

2 I've been told by engineers and friends  
3 of mine and people my own age and older, have said that  
4 they could take 10 areas and blow up the pipeline and it  
5 would take years to get it fixed. What would that do to  
6 our country?

7 Please, I know what I feel and  
8 September's brought it really to focus. We're here. We  
9 have the pipeline here. But I'm an Alaskan and I not  
10 only love my state but I love my country and if this  
11 pipeline is in danger it's going to hurt everybody. So  
12 I'd like to know some time or other, can you have it  
13 printed in the paper, what we're going to do to protect  
14 our pipeline?

15 Thank you.

16 HEARING OFFICER GEARY: Thank you. John  
17 Whitehead. 00224

18 MR. WHITEHEAD: Good evening. I'm going  
19 to testify with respect to the Draft Environmental Impact  
20 Statement and also the Commissioner's Determination  
21 Report. My name's John Whitehead. I'm the vice  
22 president of Western North Slope for Phillips Alaska. My  
23 area of responsibility includes the Alpine Field and  
24 NPRA. I've got 25 years of oil industry experience,  
25 including 16 years here in Alaska.

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223-1  
(Cont.)

1 I'm pleased to be in Fairbanks today to  
2 voice Phillips support for the Right of Way renewal for  
3 the Trans-Alaska Pipeline system.

224-1

4 Phillips is not only a 26.7 percent  
5 interest owner in TAPS but also one of the six original  
6 companies that joined together in 1969 to take on one of  
7 the most challenging engineering feats ever undertaken,  
8 the design and construction of TAPS.

9 The industry pioneers of our state may  
10 not have known the full extent of how TAPS would impact  
11 Alaska and its future generations. TAPS has provided the  
12 transportation infrastructure by which billions of  
13 dollars continue to be invested in Alaska. These dollars  
14 benefit everyone who lives in Alaska through State and  
15 local taxes, better jobs, better schools for our children  
16 and the Permanent Fund Dividend.

17 TAPS is an economic engine that provides  
18 tax revenues for the state and communities along the  
19 pipeline corridor. In 2001, the six communities and the  
20 state of Alaska received more than \$60 million from  
21 pipeline property taxes. The state and communities also  
22 received an additional \$2.2 billion from corporate income  
23 taxes, production taxes, royalties and other taxes paid  
24 by the oil industry.

224-2

25 Fairbanks benefits directly from the oil

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15

1 industry with the 4.4 million share of taxes and through  
2 employment and contracts with the industry. Phillips,  
3 alone, spent more than \$107 million with Fairbanks  
4 contractors last year.

224-2  
(Cont.)

5 It's clear that the original engineers  
6 designed TAPS for the long haul and with environmental  
7 protection in mind. The pipeline was uniquely designed  
8 for Alaska's harsh environment at an initial cost of \$8.5  
9 billion. This investment has paid off. TAPS has  
10 operated safely for 25 years. This level of sustainable  
11 reliability could not have been achieved without  
12 Alyeska's stringent operating standards and proactive  
13 maintenance programs which provide for continued  
14 investment and new advanced technologies. With continued  
15 investments, TAPS will operate safely for another 30  
16 years.

224-3

17 I would like to take a moment to address  
18 the need for a Right of Way renewal of 30 years.

19 Phillips Alaska is an exploration and  
20 production company. Our production levels can only be  
21 sustained if Alaska is a competitive place to explore,  
22 develop and operate. Alaska's North Slope is a long way  
23 from our West Coast markets and transportation costs are  
24 one of our greatest challenges. This year we will invest  
25 \$600 million in new North Slope exploration and

224-4

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16

1 production projects. Also we are investing \$200 million  
2 in the construction of each of our new five double-hull  
3 Endeavor-class tankers.

4 These investments benefit us through  
5 State and Federal revenues and jobs, not just today but  
6 for years to come.

7 Our Alaska projects must compete for  
8 capital dollars with other worldwide exploration and  
9 production opportunities. At Phillips Alaska we  
10 recognize this and work very hard to reduce our costs  
11 while simultaneously maintaining the integrity of our  
12 assets and improving our safety and environmental  
13 performance. Being a competitive producer, that includes  
14 a long life, stable transportation system is critical to  
15 continued investment in Alaska. According to the Alaska  
16 Department of Revenue in 2002 the average cost for  
17 shipping crude on a tanker is \$1.69 a barrel. In  
18 addition, the Federal Energy Regulatory Commission  
19 reports that TAPS tariffs cost is \$3.50 a barrel to ship  
20 crude through the 800 mile pipeline to Valdez. These  
21 costs, which are in addition to normal exploration,  
22 development and production expenses make the economies of  
23 Alaska's projects very challenging.

24 As I stated before, the investments that  
25 Phillips makes in Alaska exploration benefit everyone

224-4  
(Cont.)

224-5

224-6

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17

1 through state revenues and jobs today and well into the  
2 future. These investments can happen years or even  
3 decades before a field starts producing oils. Elements  
4 such as a known transportation system along with a stable  
5 fiscal environment and efficient permitting are key  
6 considerations for future investment and exploration and  
7 development.

8 An example of Phillips investment in  
9 Alaska is the Alpine field. Currently we're producing  
10 about 95,000 barrels of oil per day there. We expect  
11 Alpine to be producing another 20 years. As the Alpine  
12 field production declines we will be striving to identify  
13 and develop satellites that can be brought into the  
14 Alpine production facilities. We have already announced  
15 several Alpine satellite and NPRA discoveries. We hope  
16 to secure project approval for those satellites over the  
17 next several years and bring them on stream in the  
18 2005/2006 plus time frame. This timing will coincide  
19 with our expected start of decline at the Alpine field.  
20 Beyond the satellites we have already found, we expect  
21 additional satellites to be found, developed and placed  
22 on stream late this decade and early the next decade.  
23 These additional satellites will present many challenges.  
24 The risk associated with facing another Right of Way  
25 renewal that could potentially occur within 10 years of

224-6  
(Cont.)

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18

1 these satellites going on stream will impact the  
2 competitiveness of those projects.

3 Alaska continues to be an important  
4 worldwide asset for Phillips Petroleum, but we need the  
5 confidence that the United States government will  
6 continue to plan and act in a manner that is consistent  
7 with the long-term development of Alaska's North Slope.  
8 Confidence in your transportation system and assurance of  
9 a stable fiscal and regulatory regime increases the  
10 attractiveness of investment.

224-6  
(Cont.)

11 Extending the pipeline Right of Way for  
12 less than 30 years will add uncertainty and make Alaska a  
13 less attractive place to explore. It will add  
14 unnecessary costs.

15 Therefore, I urge you to renew the Trans-  
16 Alaska Pipeline system Right of Way for a term of 30  
17 years, not only for the economic future of my company but  
18 for the future of Alaska and generations yet to come.

19 Phillips Alaska will be submitting  
20 additional written comments during this public comment  
21 period.

22 Thank you.

23 HEARING OFFICER GEARY: Thank you, sir.

24 Stan Stephens.

00225

25 MR. STEPHENS: My name is Stan Stephens

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19

1 and I'm the president of the Alaska Forum for  
2 Environmental Responsibility. And I'll be testifying on  
3 the DEIS.

4 Having testified in Cordova, Valdez,  
5 Glennallen and Anchorage, I will now attempt to sum up my  
6 concerns with the DEIS this evening. And if anyone  
7 wishes to have any of our previous testimonies we do have  
8 them here.

9 My previous testimonies tried to discuss  
10 my concerns of current conditions that exist on TAPS,  
11 now, I would like to discuss and put on record the Alaska  
12 Forum for Environmental Responsibility, AFTER,  
13 recommendations which we feel should be part of the grant  
14 and lease renewal process.

15 In spite of how it might sound, we are  
16 not against the TAPS system. We believe in extraction of  
17 our natural resources for the benefit of all Alaskans,  
18 U.S. citizens and the rest of the world. We hope the  
19 TAPS system has a long life.

20 We just want the operation of TAPS to be  
21 done right. We want to reduce the likelihood of  
22 environmental damage and oil spills and to minimize the  
23 chances of flow of North Slope crude being cut off to the  
24 West Coast. We feel, as stated in previous testimonies,  
25 that if we continue as we are today, we could have

225-1

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20

1 another major disaster, not only to our environment but  
2 to our state's economic system if changes are not made.

225-1  
(Cont.)

3 The grant, at least, should establish a  
4 citizen's oversight group funded by the TAPS owners  
5 through the Department of Interior. This would ensure,  
6 through community involvement that the pipeline is  
7 maintained and operated in a manner that safeguards the  
8 natural resources of Alaska and also guarantees the  
9 safety of continued oil shipment. We have a precedent in  
10 Prince William Sound, the Prince William Sound Regional  
11 Citizen Advisory Council, RCAC, that has set an example  
12 on how effective citizen groups can be. Citizen groups  
13 can be the catalyst which help combat complacency, which  
14 in turn can be the number 1 cause of environmental  
15 damage.

225-2

16 The TAPS owners have collected funds from  
17 the shippers on an accelerated basis for the future  
18 dismantling, removal and restoration of the TAPS  
19 corridor, the DR&R fund. These funds were passed through  
20 to the parent companies of the TAPS owners resulting in  
21 ongoing windfall profits of extraordinary proportions.  
22 These funds should be used, as recommended in Richard  
23 Fineberg's report, the Emperor's New Horse.

225-3

24 AFER believes, and others have testified  
25 to the same thing, that before a new Right of Way grant

225-4

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21



and lease is issued, we should have a major audit of the North Slope, pipeline and terminal operations.

225-4  
(Cont.)

We also believe we should have a technical review and audit every five years, to assure that the operators of TAPS employ the best available technology and have the fiscal and management systems in place to address any problems.

225-5

We cannot have the TAPS owners constantly cutting budget and deferring work for bigger profits and bonuses.

AFER recommends that as part of the review of the application for grant and lease renewal, the reviewers should convene an advisory panel to consider how best to provide a single, responsible managing party and a stable source of funding for TAPS. One possible solution is the transfer of TAPS to a single owner with no North Slope production.

225-6

We also believe there should be an employee concerns program on TAPS and that this should be part of the lease and Right of Way renewal.

225-7

AFER wants the stipulations attached to the Federal and State grant and lease agreements to be thoroughly reviewed. This would assure that they reflect scientific and technological advances during the last three decades in the disciplines relevant to the safe

225-8

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1 transport of crude oil across Alaska and experience with  
2 the operation of TAPS.

225-8  
(Cont.)

3 All of these recommendations have come  
4 from Richard Fineberg's latest report, The Emperor's New  
5 Hose, and also recommended by the AFER Board.

6 All of the AFER board have witnessed  
7 first-hand the results of major disasters, some nature  
8 made and some man made.

9 Prince William Sound suffered badly both  
10 from the 1964 earthquake and the 1989 oil spill. It is  
11 still recovering. The Sound might not be able to recover  
12 from another disaster, at least it would never be the  
13 same.

225-9

14 Oil in the Copper River and its drainages  
15 and wetlands would cause a worldwide bird loss, for this  
16 is the largest flyways in the world, plus one of the  
17 richest sockeye and king salmon fisheries for use by  
18 subsistence, sport and commercial purposes. This would  
19 be a national disaster beyond description.

225-10

20 In the interior of Alaska, a spill in the  
21 Yukon, Tanana, Salcha, Chena or any of their drainage  
22 areas or tributaries would shut down subsistence,  
23 damaging birds and other wildlife and human life on those  
24 rivers.

25 Prevention is the only answer. Oil

225-11

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23

1 response on our rivers is not possible with today's  
2 technology, with the time lag between spill and response.

3 As the pipeline ages, the risk increases.  
4 There is a dramatic increase in this risk when there are  
5 budget and personnel cuts on the operation of this aging  
6 line.

7 Having an RCM and having the funds to  
8 successfully operate one are two different things.

9 Is the new reorganization that is taking  
10 place at Alyeska, along with the budget cuts, being  
11 considered in this DEIS? Does the operation of RCM stay  
12 the same with this reorganization or has it also changed?

13 The major problem with the TAPS system  
14 today is that the TAPS owners continue to cut the  
15 operational budget to maintain high profits instead of  
16 maintaining the pipeline. This forces work to be  
17 deferred, thus increasing risk. Along with this many of  
18 us feel that complacency is again with us, like it was in  
19 1989. This fact causes real safety concerns.

20 Argonne has a responsibility to the  
21 people of Alaska. I hope you take all our comments  
22 seriously. Stakeholders have the least to gain from TAPS  
23 and the most to lose.

24 Let us balance profit with prevention.

25 Thank you.

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225-11  
(Cont.)

225-12

1 HEARING OFFICER GEARY: Thank you, Mr.  
2 Stephens. I'll mark the Anchorage testimony as Exhibit  
3 52 and your Fairbanks testimony as Exhibit 53.

4 (Hearing Exhibits 52 and 53 marked)

5 HEARING OFFICER GEARY: Okay, R.L.

6 Odsather. 00226

7 MR. ODSATHER: Yeah, my name's OD  
8 Odsather. I've been associated with the pipeline for  
9 about 30 years or better, from a research standpoint,  
10 from a design, construction, operation and maintenance  
11 and finally in oversight. I'm here -- I've listed myself  
12 as self but I also represent the Alaska Pipeline  
13 Builder's Association which consists of approximately 400  
14 members strong.

15 We prefer the preferred alternative with  
16 regard to the 30 year renewal.

17 From my experience, the Alyeska pipeline  
18 has demonstrated compliance and just to let you know  
19 where I'm coming from, I'm damn glad the pipeline was  
20 built.

21 The issues with regard to Alyeska are  
22 significant in that Alyeska is probably the most  
23 oversighted pipeline in the United States and possibly  
24 the world. And to give you an idea of the importance of  
25 DOI, from the Federal government, Department of Interior,

226-1

226-2

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25

1 and the Office of Pipeline Safety, they have two of their  
2 10 staff assigned here in Alaska.

3 The stipulations that go with the Federal  
4 grant and the State lease, in part, identify the  
5 maintenance of a high level of technology, state of the  
6 art work. And Alyeska, in my opinion, has been doing  
7 that over the years and part of that is to allow forward  
8 thinking in regard to remote site concepts and testing to  
9 ensure that future work is being carried out properly.

10 The design and construction and operation  
11 of the pipeline -- or the design of the pipeline, in and  
12 of itself, was done by some interesting people. They had  
13 unique insight into the Arctic phenomenon of construction  
14 and operation. They also had an insight into metallurgy,  
15 metals, crews and construction and they did an excellent  
16 job in bringing together the pipeline to what it is today  
17 so that it could be built.

18 Most of the errors that we see today are  
19 caused by human error, it's not be design. And as a  
20 result the specific issues would have just been  
21 addressed, by the previous speaker, were in one place.  
22 And the remaining parts of the pipeline under maintenance  
23 situations and so on are taken care of on a regular  
24 basis.

25 The issues with regard to the latest RCM,

226-2  
(Cont.)

226-3

226-4

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1 or reliability centered management, was a concept that  
2 was found by JPO and adopted by APC later on, Alaska  
3 Pipeline. It's a brilliant program and it's an  
4 additional tool in the arsenal that Alyeska has to check  
5 out problems to do forward thinking and prepare.

226-4  
(Cont.)

6 The third parties that are involved  
7 throughout the state are an important part of the program  
8 of Alaska, however, when it comes to their actual demands  
9 and so on, it's my opinion that there is no  
10 accountability, there's no responsibility and there's no  
11 authority. And as a result, a constant stream of  
12 acquisitions and so no have been made with regard to the  
13 JPO that were unfounded. And there have been  
14 investigations by GAO several times and has found the JPO  
15 not wanting.

226-5

16 With regard to the wedging in of an  
17 additional group to provide oversight, I believe it was  
18 called an citizen's oversight group, I think it's insane.  
19 I don't think anybody can support it by cost. And I  
20 think it's something that would be found -- or would add  
21 a slow down, a wobble or impede the actual operation of  
22 the pipeline so I'm absolutely against that. There's no  
23 money there.

226-6

24 Also I'm sick and tired of the third  
25 party groups causing slow downs or changes in directions

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1 by the government and I'm just part of the silent  
2 majority that's finally gotten up and said I've had it.  
3 And I want to see other people that are in the silent  
4 majority come out and start in talking. We need to get a  
5 balanced equation here.

6 The other thing is if the groups are  
7 bringing up frivolous charges and is found to be  
8 frivolous, I'd like to see them charged to pay for all  
9 the work that's been done to get it fixed or if it wasn't  
10 fixed to do the charge work.

11 In summary.

12 1. The preferred method for the 30 year  
13 renewal, I'm for that and is the Pipeline Builder's  
14 Association.

226-7

15 2. Firmly against a citizen's oversight  
16 group as I feel that they would serve no purpose.

226-8

17 3. A five year audit, that's what the  
18 JPO does. That's part of their job. Don't take a way  
19 what they already do. They're good at what they do, let  
20 them continue to do that.

226-9

21 Thank you for the time.

22 HEARING OFFICER GEARY: Thank you, sir.

23 Walter Parker, number 6.

00227

24 MR. PARKER: Walter Parker, Board member  
25 Alaska Forum for Environmental Responsibility.

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1 I've testified at Cordova, Valdez,  
2 Glennallen and Anchorage bringing forward the result of  
3 my involvement with Prudhoc and the pipeline since 1968.

4 One of the principal points made in my  
5 previous testimony has been the need for environmental  
6 and operational audit by an independent team that would  
7 establish a new base for developing and upgrading new  
8 stipulations and design criteria to guide TAPS operations  
9 over the period of lease renewal. To do otherwise is to  
10 ignore the advances in science and technology over the  
11 past 30 years and to ignore the changes in the  
12 environments in which TAPS operates. At the very least a  
13 plan should be developed and made public on what planned  
14 replacements and intensive maintenance will be required.

15 A great deal has been made by TAPS  
16 owners, operators and regulators about the care taken  
17 with initial design. I would point out that the pipe was  
18 ordered and mostly delivered before the final designs on  
19 the above ground portions of the line were finished.  
20 Welding procedures were not finalized and agreed upon  
21 until after construction was begun. The original EIS  
22 process was never completed and only bailed out by an act  
23 of Congress. The first attempt at a buried river  
24 crossing floated because the weights were not set right.  
25 Pump Station 8 caught fire and exploded during startup.

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1 I would not bring this up except for recent attempts to  
2 rewrite history and imply that planning and execution  
3 were perfect from the beginning.

227-2  
(Cont.)

4 The ups and downs of operations have been  
5 well documented by independent reports, Congressional  
6 hearings and the media. Now, we are asked to believe  
7 that we're entering a magical new area in which 30 year  
8 old designs can be made whole through the magic of  
9 reliability centered maintenance while at the same time  
10 reducing budgets and ergo the personnel who will  
11 implement RCM.

227-3

12 Research for the Forum of Environmental  
13 Responsibility has documented the restart problems of the  
14 past seven years and the leaks caused by restart  
15 failures. I recall at Pump Stations 2, 6, 8 and 10 were  
16 shut down beginning eight years ago because they were no  
17 longer needed for reduced throughput.

18 During the original design review in  
19 which I was intimately involved the role of the pump  
20 stations in maintaining pressure, relieving pressure  
21 build ups and in prompt spill response were given a great  
22 deal of attention. I don't recall them receiving much  
23 attention at all when the owners committee ordered the  
24 shutdown as another budget cutting device.

227-4

25 In the period after pipeline completion,

227-5

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1 spirits were high, generally, morale was good and  
2 everything was new. Morale suffered when the TAPS owners  
3 took the state to court in 1977 rather than utilize best  
4 available technology and best operating practices on  
5 tankers so the euphoria did not last long. When finally  
6 a citizen went to court and won at the Supreme Court on  
7 best available technology 25 years later, the TAPS owners  
8 response was exactly the same, let's not talk about it.  
9 If you lose in court, get your tamed legislature to  
10 change law, but good Lord contemplated using the best  
11 available technology called for in the Federal grant or  
12 the State lease.

13 Is this a completely new world we're  
14 entering into for the next 30 years in which the TAPS  
15 owners will do the right thing even if we are not  
16 competitive with Angola, Chad, Nigeria and Azerbaijan. I  
17 sue those four because I have done consulting there. Not  
18 according to the latest pronouncements from our master in  
19 London, whose threats went by without a whimper from  
20 State or Federal politicians elected to support us. If  
21 nothing else is needed to make the point that we need a  
22 citizen's oversight committee on the TAPS that should  
23 prove it. Such a group is needed not only for oversight  
24 of Alyeska and the regulatory agencies but to also look  
25 over the shoulder of State legislators and congressmen.

227-5  
(Cont.)

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31.

1                   This DEIS is nothing but 1,700 pages of  
2 description and not even very accurate description. It  
3 is a minimalization at its worst of the most important  
4 decision facing Alaska since 1970. The same claims were  
5 made then that the oil industry is making now. Governor  
6 Bill Egan and the Alaska Legislature made certain that  
7 Alaska would have a strong part in oversight of pipeline  
8 construction and assistant Secretary Bill Becora at  
9 Interior brought the full resources of the Federal  
10 government to bear on an industry that knew nothing of  
11 Arctic construction. What a difference from now where  
12 Assistant Secretaries are not even part of the action and  
13 where the governor accepts whatever the TAPS owners want.

227-7

227-8

14                   We need the citizen's oversight committee  
15 and the independent audit if Alaska is not to suffer  
16 through 30 years of threat from a catastrophic spill or  
17 spills. The past record does not justify continuation of  
18 the present system. In fact, Alyeska's record demands  
19 change such as presented in our APER testimony by Stan  
20 Stephens.

227-9

227-10

21                   Thank you.

22                   HEARING OFFICER GEARY: Mr. Parker, did  
23 you want to include those in the record.

24                   MR. PARKER: Yes.

25                   HEARING OFFICER GEARY: Thank you. I'll

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1 mark them as Exhibit 54.

2 (Hearing Exhibit 54 marked)

3 HEARING OFFICER GEARY: Louis DeLong.

4 MR. DELONG: Louis. 00228

5 HEARING OFFICER GEARY: Louis, I'm sorry.

6 Pardon me.

7 MR. DELONG: I'll be making some verbal  
8 comments. My name is Louis F. DeLong. I have 42 years  
9 in petroleum industry and experience in refining,  
10 engineering, economics, finance, general management, both  
11 in the foreign area and the U.S.A. Some of the positions  
12 I had was general manager, chief executive officer of SO  
13 Malaysia, SO Indonesia known as Exxon today. I was chief  
14 executive officer of North Pole Refinery, chief executive  
15 officer of Earth Resources of Alaska and executive vice  
16 president of Earth Resources Corporation in Dallas.

17 I'm here to testify today against the  
18 renewal of the license of the Alyeska pipeline.

19 And my reason is best not from an  
20 environmental standpoint but strictly from a concerned  
21 American, Alaskan in an economic area and I'd like to  
22 elaborate a little about this.

23 The pipeline owners, I think, discourage  
24 finding oil and gas in Alaska. And let me cite -- on an  
25 orderly and competitive bases and let me cite an example.

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1 Continental Oil Company found a billion barrel oil field.  
2 They could not develop that oil field because the North  
3 Slope production agreement allowed them less production  
4 and to pay their actual costs so they had to trade away  
5 that billion barrel oil field. They also said that the  
6 pipeline tariffs were unduly high. And if you look at  
7 the pipeline owners you find among the 10 top profitable  
8 pipeline companies in the world, they're in the top five,  
9 here. In fact, the retiring chairman of the Continental  
10 Oil Company testified before the FTC and vented his  
11 frustration about the odds of finding a billion barrel  
12 oil field and not being able to economically develop it  
13 and put the blame on the pipeline itself.

14 Now, I might add that during the time  
15 they couldn't get sufficient production through the  
16 pipeline, the owners of Alyeska were dismantling pump  
17 stations to reduce the pipeline capacity.

18 Secondly, I think the pipeline owners  
19 delay, discourage Alaskan oil production, they go over  
20 seas, now, the question you want to ask is, Alaskan oil,  
21 not profitable? But I think if you take ARCO and you  
22 take Standard Oil of Ohio and look at their profit and  
23 loss statements, their annual reports, you'll find that  
24 prior to their Alaska operation they never made more than  
25 \$80 million. First full year of production in Alaska

228-1  
(Cont.)

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1 they made over \$2 billion each. That's a matter of their  
2 own annual report.

3 Is the oil available in Alaska? Yes. We  
4 have 14 sedimentary basins in and around Alaska. The  
5 proven, probable and possible reserves in Alaska on a  
6 very conservative basis are probably 70 billion plus  
7 barrels. So you ask the question why do these companies  
8 go over seas, why aren't they looking for oil here in the  
9 United States? Well, the Continental case discouraged  
10 anybody else from making huge investments and not being  
11 able to develop their oil. We have what the oil  
12 companies call a land bank here in Alaska for these oil  
13 companies.

14 They also like to keep their hand on the  
15 production over seas. They don't want to occur what  
16 happened in the 1880s and the late 1950s, early 1960s  
17 when oil went down to very low prices because of  
18 competition which led to OPEC and the control of oil.

19 I might use an example, if demand is a  
20 million barrels and the production is 950,000 barrels,  
21 everybody is seeking that shortfall of 50,000 and drives  
22 the price of oil up very, very high. By the same token,  
23 if the demand is a million barrels and the production is  
24 a million, 50,000 it drops the price of oil tremendously,  
25 everybody's trying to place that 50,000 barrels. And if

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(Cont.)

1 you read the book, the Prize, you'll get into the details  
2 of that. It's a well known fact.

3 So controlling the oil is very, very  
4 important to the pricing of that oil and supply and  
5 demand standpoint.

6 The royalty and the severance formulas  
7 are really out of date. They were based on the 30s when  
8 you were looking for oil in Wyoming and Colorado and  
9 Kansas where good well was 30 to 40 barrels a day. From  
10 the 1960s on, the standard sharing was -- production  
11 sharing, which was 50 to 85 percent high bonuses, 25 to  
12 30 bidders so why don't we have that in Alaska? Well, I  
13 think if you look at the Continental case where a company  
14 was able to find a billion barrel oil field and be able  
15 to develop it discourages people from looking for oil  
16 And the only people looking for oil on the North Slope  
17 are those people that have an interest in the pipeline.

18 Also from a political foreign relation  
19 standpoint it really affects every American from the  
20 restricted curtailed Alaska production as an adverse  
21 effect on our balance of payments. Today we're importing  
22 15 billion barrels of oil -- 15 million barrels of oil  
23 today, producing about five million. Production increase  
24 -- the demand will increase about a million to a million  
25 and a half barrels a day, but the cost is costing us

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(Cont.)

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1 about \$370 million a day or about \$140 billion a year.  
2 Our balance of -- imbalance is about 140 million barrels  
3 a year. Now, I hope we don't put ourselves in the  
4 position of the UK, right after World War II where they  
5 were short of monetary funds and had to trade just within  
6 a closed circle of common-world countries. I think the  
7 fact that we have to depend on foreign oil puts us in a  
8 poor negotiating position from world politics. The  
9 closest analogy I can use is Japan during World War II,  
10 they were short of oil and they had to do things like  
11 Pearl Harbor and go for a fast victory. I think using --  
12 and importing all this foreign oil we have to use foreign  
13 tankers and we all know that foreign tankers are older  
14 vessels, their poorly trained crews, countries that  
15 represent a lack of good regulations on safety.

16 I think the low Alaskan North Slope  
17 crude, we have low pricing here in Alaska, I think this  
18 is very important to Alaskans. The pipeline companies  
19 sell to themselves so therefore the transfer prices are  
20 immaterial to them. But by having a low transfer price  
21 it discourages new people from looking for oil because  
22 new people might be very aggressive exploratory companies  
23 and they may not have the refineries and the marketing  
24 facilities to accommodate that oil.

25 I think the crude price is about \$6, too

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(Cont.)

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1 low, and has been and I've said this previously over the  
2 past 25 years, and I think this, again, is involved, the  
3 Alaskans to the tune of about \$90 billion or about \$22  
4 and a half billion dollars we're short.

5 In conclusion, I'd like to say the  
6 pipeline owners use the environmental issues and  
7 arguments to deflect investigations, review of economical  
8 issues that have a very significant affect on the  
9 American and Alaskan people in the political area, the  
10 high cost of oil products in the U.S. and the world,  
11 Poor environmental record in foreign countries. And they  
12 jeopardizes the U.S. financial institutions to maintain a  
13 free market in world trade, especially as we get  
14 imbalanced in foreign exchange.

15 That concludes my testimony. Thank you.

16 HEARING OFFICER GEARY: Thank you for  
17 your comments, sir. Please hold your applause. Jay  
18 Quakenbush.

00229

19 MR. QUAKENBUSH: My name is Jay  
20 Quakenbush. I'm here to speak to the EIS statement and  
21 the Commissioner's Report and I'll be handing in written  
22 reports later, thank you.

23 I have the privilege of representing  
24 approximately 4,800 IBEW members in the state of Alaska,  
25 more specifically 1,500 electricians who have worked on

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(Cont.)

1 the Trans-Alaska Pipeline during construction and  
2 maintenance over the last 30 years. For example, in  
3 2001, 140,000 electrical man hours was performed on the  
4 Trans-Alaska Pipeline by IBEW members that, at any one  
5 time ranged from 30 to 45 electricians statewide and that  
6 was electricians alone.

7 We work alongside other skilled craftsmen  
8 such as plumbers and pipefitters and operating engineers,  
9 Teamsters and Laborers to the tune of 1.5 million man  
10 hours in the year 2001.

11 And while I think that is important to  
12 recognize many of those man hours, not only were they  
13 performing electrical work, they're also interested in  
14 the pipeline itself in maintaining a functioning, safe  
15 environmentally correct and sound facility and that also  
16 is their goal as craftsmen.

17 It was spoke earlier of oversight and  
18 what the pipeline needs. The pipeline is one of the  
19 most regulated areas that our members work in the state  
20 and at times, it is a throttling effect on a craftsman  
21 but they realize it's needed. As a matter of fact, they  
22 play a role in that regulation themselves and with the  
23 ability that's been used in the past and will continue to  
24 be used with the employee concerns program that's in  
25 effect on the Trans-Alaska Pipeline.

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1                   What that means is that there is not only  
2 regulators such as here in the room but there is citizen  
3 oversight on the pipeline, Alaskans who live here in  
4 Fairbanks and other communities in Alaska that perform  
5 oversight on a daily and an hourly basis while they're  
6 doing their job and have the availability to report  
7 directly to Alyeska, directly to State agencies and they  
8 perform that job very well.

229-1  
(Cont.)

9                   The IBEW supports a 30 year renewal lease  
10 and we wish to comment again about the ability of our  
11 members and other workers on the Trans-Alaska Pipeline to  
12 continue to oversee the pipeline along with the  
13 regulators who are in place and we do not think it is  
14 necessary but rather redundant to throw more regulation  
15 on top of what is already there. We feel with more  
16 regulation in place it will stifle the maintenance. It  
17 will stifle the environmental oversight that's already  
18 taken place because Alyeska is putting that money into  
19 those areas already and it would affect that  
20 substantially with another oversight committee.

229-2

229-3

21                   Thank you very much for your time.

22                   HEARING OFFICER GEARY: Thank you for  
23 your comments. Randy Wood, number 9. 00230

24                   MR. WOOD: My name is Randy Wood. I'll  
25 be speaking on the BIS report.

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1 I'm the greater Alaska division manager  
2 for Houston Contracting Company Alaska. Houston  
3 Contracting Company is a member of the Arctic Slope  
4 Regional Corporation Family of Companies.

5 As the greater Alaska Division Manager I  
6 oversee all Alaska operations for Houston Contracting  
7 Company including the operations of our subsidiary  
8 company Houston/NANA LLC. Houston/NANA is the prime  
9 contractor for the Alyeska Pipeline Service Company in  
10 charge of maintenance, project work, equipment  
11 maintenance, warehouse and logistics and baseline support  
12 on the Trans-Alaska Pipeline system, TAPS.

13 The oversight and maintenance of the TAPS  
14 is unparalleled. TAPS overall performance reliability rate  
15 is in excess of 99 percent since startup. Alyeska  
16 corrosion control programs, valve maintenance programs,  
17 spill response plans are leaders, really leaders in the  
18 industry. We have successfully completed several  
19 pipeline shut downs for annual valve and pipe  
20 replacements over the past years, this is due to good  
21 maintenance.

22 New access vaults at check valves have  
23 been installed since startup for better maintenance at  
24 these locations. Every single mile of the underground  
25 portion of the pipeline has had a monitoring coupon and

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1 test station installed for corrosion monitoring. Smart  
2 pigs are sent through the entire length of the pipeline  
3 for wall thickness and corrosion readings. Impress  
4 currents for increased cathodic protection has been  
5 installed to better monitor the pipeline and safeguard  
6 the pipe.

230-1  
(Cont.)

7 These are just a few examples of the  
8 emphasis that the owner companies and Alyeska place on  
9 maintenance and safe and productive pipeline.

10 In addition over 20 State and Federal  
11 agencies regulate the pipeline and millions of dollars  
12 are spent each year on its upkeep. Any additional  
13 oversight consideration is more appropriately addressed  
14 at the policy level through the State and Federal  
15 legislative branches.

230-2

16 As a pipeline constructor and maintenance  
17 operator, our business success is rooted in the quality  
18 service we provide our clients and the healthy economy  
19 our clients thrive in. To continue providing employment,  
20 training, education for all Alaskans, especially the  
21 Alaska Natives the full support of a 30 year renewal  
22 period is what we believe in and this span is imperative  
23 to keep the cost of doing business on North Slope  
24 competitive.

230-3

25 Thank you.

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1 HEARING OFFICER GEARY: Thank you. Greg  
2 Campbell, number 10.

00231

3 MR. CAMPBELL: Hi. My name is Greg  
4 Campbell. I'm a life long resident of Fairbanks and an  
5 active member in the community. I'll be talking on the  
6 EIS report.

7 In my professional capacity, I'm the  
8 operations manager for Houston/NANA LLC.

9 Houston/NANA is the prime contractor for  
10 the Alyeska Pipeline Service Company in charge of  
11 maintenance on the Trans-Alaska Pipeline system.

12 The economic impact of TAPS and the 13  
13 billion barrels of oil that have flowed through it are  
14 significant to both the public and private sectors in  
15 Alaska, especially here in Fairbanks.

16 TAPS has created hundreds of jobs for  
17 local Fairbanks residents and thousands statewide.

18 The existence of TAPS has created a  
19 thriving economy here in Fairbanks and provided economic  
20 stability for local businesses like Houston/NANA.

21 How has this impacted local economy?  
22 Property taxes for the North Star Borough. The North  
23 Pole refinery has added jobs to the Fairbanks North Star  
24 Borough and provided a stable source of heating fuel, jet  
25 fuel, automobile fuel for Interior Alaska. Work on the

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1 pipeline has benefited many local vendors and contractors  
2 over the last 30 years.

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(Cont.)

3 How has it impacted the quality of life  
4 in terms of programs for children? Alyeska and its  
5 contractors are major supports of Big Brothers and Big  
6 Sisters, Santa Clearing House, Fairbanks Food Bank, many  
7 youth sports programs. They are partners with local  
8 schools like Weller Elementary, Ticasuk Brown Elementary,  
9 Howard Luke Academy. And they provide many scholarships  
10 and intern positions for Alaska Natives.

231-2

11 Over the past 30 years, the economic  
12 benefit that the Trans-Alaska Pipeline has brought to the  
13 state are vast and far reaching, Permanent Fund, the  
14 taxes and royalties, support for local communities,  
15 support for local charities, schools and universities,  
16 Native organizations, just to name a few.

231-3

17 Alyeska has a proven record of investment  
18 in Alaska and Alaska Natives.

19 In the first quarter of this year  
20 Houston/NANA has exceeded the 20 percent Alaska Native  
21 hire goal set forth to us by Alyeska. And of the first  
22 three months of our initial contract with Alyeska, we  
23 peaked at 25 percent Alaska Native hire, two years ahead  
24 of schedule.

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25 We continue to provide programs that

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1 benefit the community in which we operate in terms of  
2 education, training, employment. Houston/NANA fully  
3 supports the 30 year renewal process.

4 Thank you for this opportunity to provide  
5 those comments.

6 HEARING OFFICER GEARY: Thank you, sir.  
7 All right, I'm going to admit those to the record as  
8 Exhibit 55.

9 (Hearing Exhibit 55 marked)

10 HEARING OFFICER GEARY: Robert Sattler,  
11 number 13.

00232

12 MR. SATTLER: My name is Robert Sattler.  
13 I work for Tanana Chief's Conference here in Fairbanks.  
14 And Tanana Chiefs is a tribal agency of all the villages  
15 of the Interior. And as a policy the company has a  
16 policy where only the president can speak for the agency  
17 and so I have a prepared statement here. And what I'd  
18 like to do is narrow in on land ownership and  
19 specifically Native allotments is what I'll be talking  
20 about this evening. And I do better not reading a script  
21 so I hope that you'll bear with me if I twist my words  
22 around.

23 As some of you may know, Tanana Chiefs  
24 holds a real estate services contract with the Federal  
25 government to provide realty functions for Native owners

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1 of restricted townsites and allotments. In the TCC  
2 region there are approximately 2,400 Native allotment  
3 parcels and 500 townsites amounting to more than 225  
4 acres of restricted lands.

5 In the TCC region there are approximately  
6 27 allotments that are located within one mile of the  
7 TAPS Right of Way. The real estate services program  
8 provides a full range of services to restricted land  
9 owners including appraisals, environmental, cultural  
10 resources, cadastral survey, probate and processing  
11 several types of realty transactions such as land sales,  
12 rights of ways, leases, gift deeds and so forth. The  
13 renewal of the TAPS Right of Way has provided our program  
14 and scheduled to review environmental issues concerning  
15 allotments located in the vicinity of the TAPS.

16 I will share some of our provisional  
17 observations and analysis on environmental issues  
18 concerning allotments in this sphere of the TAPS renewal  
19 and compare our analysis to that ascertained by the  
20 preparers of the Draft Environmental Impact Statement.

21 TCC has participated in the NEPA process  
22 for the TAPS Right of Way renewal. Early on we  
23 identified issues concerning restricted lands that  
24 require appropriate treatment in the TAPS NEPA process.  
25 Consequently, TCC requested during the scoping period to

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(Cont.)

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1 be designated a cooperating agency for the purpose of  
2 sorting environmental issues concerning Native  
3 allotments. The realty program works under the auspices  
4 of the Bureau of Indian Affairs and is guided by the  
5 statutory and regulatory requirements of the BIA, the  
6 Federal agency that has jurisdiction, by law, over  
7 restricted lands. BLM denied the request based on their  
8 evaluation of a provision in NEPA that directs the lead  
9 Federal agency to designate Indian tribes as cooperating  
10 agencies upon request when the undertaking crosses an  
11 Indian reservation. Well, TCC understands that the  
12 Federal designation of Indian reservations are not used  
13 in Interior Alaska and TCC is not a Federally-recognized  
14 tribe. What the BLM through JPO and their contractor,  
15 Argonne National Laboratories fail to perform is an  
16 evaluation of the provision in NEPA that allows any local  
17 agency to be designated a cooperating agency when it has  
18 jurisdiction by law or possesses special expertise with  
19 respect to any environmental issue. Remarkably, Argonne  
20 entirely misconstrued the point behind the request for  
21 the cooperating agency status.

22 A review of the Draft EIS reveals that  
23 there is no substantive mention of Native allotments in  
24 the entire document. There's one phrase on Page 3.2.7-2  
25 stating that since the TAPS Authorization Act, lands have

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(Cont.)

232-3

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1 been conveyed to individual owners pursuant to the Alaska  
2 Native Allotment Act and goes on to say the pipeline  
3 owners have acquired easement for the TAPS Right of Way  
4 across all parcels except for one, which is currently  
5 under negotiation. Most noteworthy in the EIS is the  
6 assertion that the TAPS owners were able to accommodate  
7 private parties through perpetual Right of Way  
8 agreements. This wording alone is contradictory from a  
9 real estate point of view. Nevertheless, the phrase  
10 implies that the easements were forged in a congenial  
11 manner in favor of the private land owners. We can only  
12 assume that the private parties include Native allotment  
13 owners.

14 The Native Allotment Act is hardly  
15 mentioned again in the entire body of the EIS but is  
16 cited in Chapter 9.1 entitled Federal laws and is listed  
17 as the Alaska Native Allotment Act of 1906.  
18 Surprisingly, the document entirely neglects to mention  
19 the applicable Federal regulations that authorize  
20 pipelines and the renewal of pipeline agreements across  
21 restricted Indian lands. Ironically the Draft EIS states  
22 that allotments are used for subsistence purposes and  
23 then on the same page it references the State statute  
24 that prohibits hunting with firearms within five miles of  
25 either side of the highway between the Yukon River Bridge

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(Cont.)

1 and the Arctic Ocean. Is this an adverse affect?

2 More significantly, there's no mention at  
3 all of the U.S. Code Title 25 entitled Indians in the  
4 entire document.

5 The Draft EIS fails to define the Bureau  
6 of Indian Affairs, Native allotment, Right of Way,  
7 perpetual easement, trust responsibility and cooperating  
8 agencies.

9 Clearly, the silence over Native  
10 allotments in the Draft EIS indicates that individual  
11 Indian allotment owners are unimportant to the preparers  
12 of the Draft EIS and the lead Federal agency. Apparently  
13 both the preparers of the Draft EIS and the lead Federal  
14 agency believe that there are no direct, indirect or  
15 cumulative effects on Native allotments during the  
16 initial 30 year period, nor any posed by the renewal of  
17 the Right. Right of Way. This position is astonishing  
18 since the BLM has and continues to carry out inherent  
19 Federal functions on Native allotments. This is most  
20 striking in the context of the Federal Trust  
21 responsibility since the BLM and Argonne Lab, which is a  
22 branch of the Department of Energy have the obligations  
23 to perform for individual Indian land owners, these trust  
24 responsibilities.

25 Perhaps even more ironic to the oversight

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(Cont.)

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1 is that litigation involving the allottees and the TAPS  
2 owners created some of the most controversial  
3 environmental issues regarding the management of Native  
4 allotments in the entire TCC region and possibly the  
5 state of Alaska.

6                   Nowhere in the Draft EIS is there mention  
7 of the rationale by which Argonne decided to exclude a  
8 review of the allotments in the Draft EIS. The failure  
9 to address issues regarding allotments as opposed to  
10 Tanana Chiefs request during the scoping period that  
11 environmental issues regarding allotments be included in  
12 the EIS. Two allotments that are intersected by the TAPS  
13 in the TCC region were involved with litigation with the  
14 TAPS owners. With one allotment, the allottee entered  
15 into an agreement that allowed access for the period of  
16 the TAPS authorization, after which she was told that the  
17 terms of the TAPS Right of Way would be renegotiated. In  
18 the other case, the allottee endured approximately 15  
19 years of litigation that eventually resulted in a  
20 condemnation proceeding in Federal court. It is  
21 important to note for the purposes of the Draft EIS that  
22 the summary judgment in that case prescribed fees for the  
23 taking and added punitive damages in an amount for which  
24 the allottee believed was insufficient. Had the TAPS  
25 owners accommodated the allottee as purported in the

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(Cont.)

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1 Draft EIS, the punitive damage amount would have been  
2 renegotiated and paid to the estate. To this day, the  
3 punitive damages established by the court in the mid-80s  
4 have not been paid to the estate.

5 These examples alone indicate that there  
6 are significant effects to Native allotments that need to  
7 appear in the effected environment, environmental  
8 consequences and cumulative effects.

9 Probably the most significant issue  
10 regarding Native allotments is the status or validity of  
11 the Right of Way across the two allotments that are  
12 intersected by the TAPS Right of Way. The EIS states  
13 that the owners have perpetual easements across the  
14 allotments for construction and operation of the TAPS.  
15 However stated elsewhere in the EIS, since the original  
16 agreements were put into place, the lands have been  
17 certified to the allottees and it is noteworthy to point  
18 out that BLM issued deeds to the individual Indian owners  
19 without reference to the TAPS and without a reserved  
20 right of way, easement, covenant or any mention of the  
21 TAPS Right of Way.

22 Further complicating the matter is the  
23 purported agreement on one of the allotments has never  
24 been approved by the Secretary of the Interior as  
25 required by law. This is unclear which authority of the

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(Cont.)

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1 TAPS owners acquire their easements across the allotments  
2 and especially since a statutory authority limits rights  
3 of ways across allotments to 20 year periods.

4 So I'd like to then -- I'm coming up to  
5 the end. I'd like to say a couple other -- this last  
6 spring Tanana Chiefs negotiated a Right of Way for the  
7 TAPS owners to replace a gate valve. The TAPS owners  
8 really need to follow this example and reciprocate the  
9 goodwill in the interest of all allotment owners who are  
10 potentially affected parties by the TAPS renewal.

11 So I have until it turns red, is that  
12 right? Okay.

13 The failure on Argonne's part to follow-  
14 up with the scoping comments on allotments brings into  
15 question their capacity or perhaps competency to  
16 understand and evaluate land issues in Alaska. At the  
17 same time their oversight further strengthens the need  
18 for a Native based cooperating agency to assist them in  
19 preparing an appropriate EIS on the TAPS renewal.

20 And in conclusion, I'll say that the  
21 Draft EIS needs to include a section on Native allotments  
22 and invite Native entities as cooperating agencies.

23 And since I have a little bit more time,  
24 I'll go back -- I have like three sentences here. So the  
25 Draft RTS appears to initiate the process to renew the

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(Cont.)

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232-5

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1 Right of Way across Federal and State land, however, it  
2 appears that they've not -- the TAPS owners have not yet  
3 initiated the process of renewing the Right of Way across  
4 restricted Indian allotments. So we believe that the  
5 NEPA process needs to be initiated to renew the Right of  
6 Way across allotments in good faith with current market  
7 conditions and within the applicable, statutory and  
8 regulatory procedures governing pipelines across  
9 restricted Indian lands.

232-5  
(Cont.)

10 I have more time -- no, that's it, thank  
11 you.

12 HEARING OFFICER GEARY: Would you like to  
13 submit those for the record?

14 MR. SATTLER: No, not at this time.  
15 We'll be submitting more detailed comments by the August  
16 20th deadline.

17 HEARING OFFICER GEARY: That's fine.  
18 Chris Phillips, number 14.

00233

19 MR. PHILLIPS: Good evening. I'm going  
20 to be commenting tonight on the Draft EIS and the  
21 Commissioner's Report. My name is Chris Phillips. I'm  
22 vice president with BP Exploration in Anchorage with  
23 responsibilities for operations integrity.

24 I'm here tonight on behalf of myself and  
25 BP to support and urge the BLM to grant a 30 year renewal

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of the TAPS Right of Way under its current terms.

Over my 22 years here in Alaska I have watched TAPS being operated by a world class company to world class standards. There are few pipeline systems globally that have the reliability of TAPS while maintaining both an excellent safety and environmental record.

The pipeline has made a tremendous contribution to the Alaskan and U.S. economy over the past 25 years by transporting up to 25 percent of the U.S. oil production to Valdez. It's role in the future is equally important. Over the next 30 years it will deliver almost \$400 billion worth of oil.

The pipeline also means jobs. Jobs for the men and women working on the pipeline itself, the crews on the tankers sailing in and out of Valdez and our employees in the oil fields on the North Slope. Its existence fuels the economy and health of Alaska.

Our business requires long-term stability and fiscal and cost certainty in order to justify the large investments we make in expanding our existing fields and developing new ones. This is why it's important to renew the Right of Way for another 30 years, not five, 10 or 15.

Finally, there is no good cause for any

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1 change in terms associated with operating TAPS. The JPO  
2 is doing a good job of regulating TAPS and the safety and  
3 environmental records remain very good. The current  
4 Right of Way agreement can be changed for good cause as  
5 needed to ensure the continued safe operation of TAPS.

233-5  
(Cont.)

6 In closing, I strongly urge you to renew  
7 the TAPS Right of Way on its current terms for 30 years.

8 Thank you for the opportunity to speak.

9 HEARING OFFICER GEARY: Thank you for  
10 your comments. I'll mark them as Exhibit 56.

11 (Hearing Exhibit 56 marked)

12 HEARING OFFICER GEARY: Ronnie Rosenberg,  
13 number 15.

00234

14 MS. ROSENBERG: My name is Ronnie  
15 Rosenberg. I reside here in Fairbanks and I'm speaking  
16 solely for myself this evening. My comments will be  
17 pertaining to the DEIS and also to the Commissioner's  
18 Findings.

19 I would agree that Alyeska has been a  
20 good civic neighbor here in Fairbanks. I am involved in  
21 many different charities and activities here in the  
22 Borough and Alyeska is right there whenever you need  
23 them. And in that sense they've been a wonderful  
24 neighbor. I think most people want them here, want them  
25 to continue here and we're very appreciative of what they

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1 contribute to our community. We're also very  
2 appreciative of what the pipeline contributes  
3 economically to our community.

234-1  
(Cont.)

4               Nevertheless, it is not always in the  
5 public interest, the general public good to have self  
6 regulation by an industry. I'm not impugning the  
7 individuals who are involved or who have spoken tonight,  
8 but I think we've seen enough, especially in the last  
9 year or two, with Enron, with Halaburton, with various  
10 companies where there have been problems. And I think if  
11 for no other reason than for the confident of the  
12 citizen's of Alaska, we need to have a citizen's  
13 oversight agency, committee, we need to have something  
14 set up. When diverse people, people who are not  
15 technical experts get together with the technical  
16 experts, the product is better, the sum is better than  
17 its parts.

234-2

18               We've heard conversations and we've heard  
19 comments tonight about the double-hull tankers. The  
20 industry didn't volunteer to do that, that came as a  
21 result of OPA90 and the work of the Regional's Citizen's  
22 Advisory Council and it was the Regional Citizen's  
23 Advisory Council that said to the industry, you know,  
24 when is this going to get done and followed up that those  
25 things were getting done. We need to have something like

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1 that in the interior.

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(Cont.)

2 I reside northeast of town, I reside not  
3 very far from the pipeline. In the past year, a criminal  
4 shot a hole in the pipeline with a rifle and it caused a  
5 big leak. If that could happen from one errant  
6 individual, what would happen in the case of terrorism,  
7 what would happen if there was an earthquake? These are  
8 things that concern those of us that live with the  
9 pipeline and we want to be involved.

234-3

10 We have seen examples where citizens have  
11 gotten together with regulators and with agencies and the  
12 outcome has been very, very good. It's a lot different  
13 than just calling up when I have something to complain  
14 about or calling up when I see a leak. The idea is to be  
15 involved from the ground up. The pipeline has been  
16 around for a long time. It's probably going to be around  
17 for a long time more. And I don't believe that involving  
18 citizens in a citizen's advisory council, you know,  
19 people representing different constituencies would be  
20 overly burdensome on the industry. I would urge that  
21 that be added.

234-4

22 Thank you very much.

23 HEARING OFFICER GEARY: Thank you for  
24 your comments.

25 MS. ROSENBERG: Thank you.

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1 HEARING OFFICER GEARY: Please hold your  
2 applause. Hank Bartos, number 16. Jim Laiti, number 17.

3 MR. LAITI: Hi. My name's Jim Laiti. 00235  
4 I'm here to address the Commissioner's Right of Way  
5 Determination and the Draft EIS. I'm a business agent  
6 for the Pipefitters Local 375 and I'd like to express  
7 support for a 30 year lease renewal.

235-1

8 I've been involved directly with TAPS  
9 since construction in the early 1970s and have witnessed  
10 many craft jobs that have supported families and homes  
11 here for more than 30 years. I found consideration for  
12 safety and quality on the projects to be unsurpassed in  
13 the industry. I've got 30 years of construction industry  
14 experience throughout the state and there's no  
15 comparison.

235-2

16 From my perspective, regarding TAPS the  
17 positives far outweigh what negatives there might be and  
18 I appreciate this forum.

235-3

19 Thanks.

20 HEARING OFFICER GEARY: Thank you for  
21 your comments. Charles Etok. 00236

22 MR. EDWARDSSEN: Hi. My name is Charles  
23 Etok Edwardsen.

24 I grew up in the oil province of the  
25 North Slope from NPRA to the present. I've witnessed the

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1 -- I am a witness to the military operations of oil  
2 development in the Arctic and to Prudhoe Bay. And the  
3 industry is still a kid on the new block in our Arctic  
4 home. The occupation of time is so small that they  
5 cannot even measure correctly which way the wind is  
6 blowing.

7 The oil impact -- unanticipated oil  
8 impacts -- I had opposed the Trans-Alaska Pipeline in the  
9 name of Edwardson versus Martin. And right now at the  
10 present moment, I am Edwardson versus Mineral Management  
11 Service in the Outer Continental Shelf. The industry by  
12 itself is not willing to be honest with the citizens of  
13 Alaska and the American people.

14 If it wasn't for the environmental  
15 impact, NEPA, we needed something at the time of the  
16 lobbying for the passage of the Alaska Native Land  
17 Claims, we oppose the permitting of authorization of the  
18 Trans-Alaska Pipeline.

19 It was a very hard fight, it made me  
20 harder. And I do not trust the industry then and I do  
21 not trust the industry today. They've made some impacts  
22 and their unanticipated impacts far exceed what is on the  
23 surface.

24 Right now we're seeing hazing of orange  
25 cloud at Prudhoe Bay. The standards of the Federal

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1 government are badly needed. There is two types of  
2 conduct and this is for the Federal observer here, since  
3 1976, I was responsible for the demilitarization of Naval  
4 Petroleum Reserve No. 4 to the Department of Interior as  
5 a conservation measure so that to prevent the industry  
6 prematurely going off shore in the Arctic. I was  
7 successful as part of a presidential campaign for office  
8 that the most conservation measure taken by the  
9 Democratic candidate was demilitarization of PET4, at  
10 that time now known as National Petroleum Reserve Alaska.

11 I've been following the Energy Policy of  
12 this country for a very long time. According to Kindom  
13 Hubbard, we need more conservation than ever before  
14 because we are on the south end of the Slope. We're not  
15 finding new discoveries at a rapid rate. And I am  
16 opposed to the present tariff rate of the Trans-Alaska  
17 Pipeline, what is badly missing here is that I am sorry  
18 as a citizen that the Federal Energy Regulatory  
19 Commission is not here to hear what the people of Alaska  
20 are saying, although they have that responsibility with  
21 the tariff rate, which is too high.

22 And as far as State of Alaska is  
23 concerned, its private settlements, revenue settlements  
24 with the industry, I think itself is a crime because the  
25 citizens are left behind. We don't know what is in those

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1 agreements. And I had heard from some of the good  
2 citizens of Alaska that there is too much regulation.

3 Let me tell you right now, just on the  
4 out-gassing of Prudhoe Bay alone, that we have lost  
5 equivalent of 30 Prudhoe Bays just on the burn-out, out-  
6 gassing of the methane hydrates around Prudhoe Bay. So  
7 there is no conservation. There is no conservation  
8 whatsoever.

9 And until this is done -- and also the  
10 Native hire program was a farce. Although that Secretary  
11 of Interior has trust responsibility it has been failed  
12 to be deployed to the maximum intent feasible. And when  
13 I made a -- as a young man I made a petition to the  
14 creation of the North Slope Borough and was successful.  
15 I was in trial from 1965 to '62, I had 2,400 lawsuits by  
16 the industry, by these bandits here and the majors, why  
17 Eskimos cannot have a civil government. We exhausted  
18 that and won.

19 And I'd like to further state that on the  
20 unanticipated state impacts, the Governor of Alaska, as  
21 the Mayor of the unorganized boroughs of Alaska, the  
22 State Legislature as its assembly has never met, although  
23 the Trans-Alaska Pipeline corridor goes from one end of  
24 the unorganized boroughs to the other, the State  
25 legislature has failed to provide adequate funds for

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1 education as we heard tonight, that Fairbanks was  
2 successful in 277 billion on their impacts of taxation on  
3 the asset.

4 And so this is why that I am opposed to  
5 the immediate authorization of this. There are so many  
6 unanticipated answers today. And what we need to do on  
7 the Slope, now that there is discovery in NPRA, is we  
8 must develop a micro-engineer conservation. The present  
9 form of engineering today, low bid models is not going to  
10 be compatible with the environment in the Arctic.

11 And especially in the Outer Continental  
12 Shelf. Right now, we have no capability in Alaska to  
13 pickup one ounce of oil offshore. And with the -- we  
14 have a potential for the Department of Interior to  
15 reassess the leaseholds on the North Slope. I think  
16 British Petroleum and Phillips are now approaching their  
17 acreage limitations, I think that is getting very close.

18 And Section 1 of the Mineral Leasing Act,  
19 we had an unfortunate incident this year. Alaska already  
20 is a national security state but our homeland economic  
21 security is now threatened by British Petroleum of its  
22 acquisition of Arco's holdings.

23 And in 1970, the Kingdoms of Norway and  
24 Kingdoms of Great Britain nationalized American assets on  
25 the North Sea and gave themselves 51 percent interest to

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1 America, we need to enforce Section 1 of the Mineral  
2 Leasing Act, the reciprocity section. At one time there  
3 was a willing president who was willing to secure  
4 American assets for American people, that was Franklin  
5 Roosevelt. And his Attorney General, Thomas Clark  
6 enforced reciprocity on Great Britain. And because  
7 American assets were nationalized, we need to enforce  
8 under home -- probably -- I just came back from  
9 Washington, D.C., I volunteered how to pay for this  
10 homeland security. I informed some of my enlightened  
11 Republican friends, which there are so few of, however,  
12 I'm a patriotic man, I said it's going to take will I  
13 don't think it's going to take rhetoric, what the  
14 president is saying. It's going to take the courage of  
15 the Attorney General in the likeness of Thomas Clark to  
16 invoke Section 1 of the Mineral Leasing Act so we can  
17 repatriate. At the present moment, since 1978, production  
18 equivalent to what British Petroleum nationalized in the  
19 high seas of the North Sea.

20 So I want the government agent to take  
21 this seriously, that he found some hidden assets that  
22 needs to be deployed in the likeness to secure our  
23 homeland. And as you well know, that Alaska already is a  
24 national security state and anything north of the PYK  
25 line, Porcupine Yukon Kuskokwim line.

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1 Thank you.

2 HEARING OFFICER GEARY: Thank you for  
3 your comments. All right, we're going to take a 10  
4 minute break. We'll reconvene in 10 minutes.

5 (Off record)

6 (On record)

7 HEARING OFFICER GEARY: All right, I'm  
8 going to reconvene this hearing. During the break, I was  
9 given one more exhibit from Mr. Odsather and I'm going to  
10 mark it as Exhibit 57.

11 (Hearing Exhibit 57 marked)

12 HEARING OFFICER GEARY: All right, the  
13 next speaker is Michael Smith, number 19. Please be  
14 quiet. 00237

15 MR. SMITH: Hello. My name is Mike Smith  
16 and I'm here today representing Tanana Chiefs Conference.  
17 I have recently taken a position as wildlife and parks  
18 coordinator over there and I'd like to address my  
19 comments to the Section 810 evaluation under ANILCA.

20 I think it's important to point out, too,  
21 that while the impact statement is rather comprehensive,  
22 45 days to evaluate it all is clearly not enough time.

23 At this point, while there are a lot of  
24 issues of contention between Tanana Chiefs and the  
25 evaluations done under ANILCA, I'd just like to point out

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1 a few of the more glaring examples that we have found so  
2 far in this evaluation. We will be submitting written  
3 comments as well at a future date and I will keep my  
4 comments brief here.

5 I guess it's important to note that the  
6 impact of the Trans-Alaska Pipeline -- excuse me -- while  
7 the economic impact of the Trans-Alaska Pipeline had been  
8 substantial in Alaska, the brunt of the impact, the  
9 adverse impacts has been on rural Alaska, in particular,  
10 subsistence activities out there. The evaluation is  
11 interesting in the sense that it starts off by qualifying  
12 the evaluation by saying that there is not enough  
13 information to develop a clear subsistence impact  
14 statement. They then go on to use that lack of  
15 information to declare that there has been no significant  
16 impact on the subsistence resources in rural Alaska.

17 I think it's safe to say and I think  
18 anybody who is familiar with hunting and fishing in rural  
19 Alaska knows that there has been great impact on  
20 subsistence resources in rural Alaska, from the access to  
21 the accessibility issues concerning the haul Road, access  
22 road, stuff of that nature. The increase in populations  
23 going to those areas. And the impact on the resources  
24 themselves.

25 The evaluation breaks down into five

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1 basic categories. One is a decline in the population or  
2 amount of harvestable resources. Changes in the  
3 geographic distribution of subsistence resources.  
4 Competition for potential subsistence resources and  
5 disturbance of subsistence activities and constraints on  
6 access to subsistence resources. It could all be boiled  
7 down to access to subsistence resources.

8 The Section 10 analysis is fundamentally  
9 flawed in a number of -- or we feel is fundamentally  
10 flawed in a number of areas.

11 First of all the caveat that they come up  
12 with that there is no adequate information and, two, the  
13 information that they do utilize is often times 10, 20  
14 years old and has no contemporary significance. And --  
15 I'm a little nervous here, I've just had a -- but in  
16 regards to the first section, the decline in the  
17 populations, they go onto iterate that there has been no  
18 decline in -- no significant decline in subsistence  
19 resources. Once again, I think that anybody who hunts  
20 out there knows that the restrictions imposed by game  
21 limits, seasons and the increase in population has  
22 dramatically decreased the harvest of resources in those  
23 areas.

24 The second section, again, talks about  
25 the changes in geographic distribution of subsistence

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1 resources. The evaluation states and indicates that the  
2 impact would be minimal because of the vast amount of  
3 area that the villagers out there and the people who live  
4 out there use in acquiring those resources. It's kind of  
5 also interesting to know that the area, while large, is  
6 also geographically distinctive in the areas of which  
7 they get those resources. The pipeline, while it has --  
8 the corridor pipeline, the exclusion of hunting in the  
9 corridor pipeline is without a doubt a significant impact  
10 on the access of accessibility to those resources.

11 Additionally, the expansion of that  
12 corridor due to the events of 9/11 have had a dramatic  
13 impact on subsistence resources. An example of that  
14 would be in the Cordova area where as a result of 9/11,  
15 the area in which they could hunt has been extended 10  
16 miles down the -- 10 miles out in the ocean. Now that  
17 impact on a subsistence user is dramatic in the sense  
18 that it takes a several [sic] amount of time to go that  
19 far.

20 Additionally, the disturbance of the --  
21 another aspect that they had in the evaluation was the  
22 disturbance of subsistence activities. They confine  
23 their comments to the fact of people going out there and  
24 interviewing -- interfering with some of subsistence  
25 activities. They do not address the issue of devastating

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(Cont.)

1 ecological impacts on those subsistence resources should  
2 a disaster occur.

3           Once again, my comments today are very  
4 limited in the sense that I haven't had the opportunity  
5 to evaluate the information that was used by Argonne in  
6 developing this information but it suffices to say it is  
7 outdated, it is not contemporary and is of actual or  
8 little or no use in trying to develop subsistence impact.  
9 They go out of their way to point out a considerable  
10 amount of information in the EIS in regards to harvest  
11 takes but have no base on which to compare that to.  
12 Qualitative analysis would start off with the baseline  
13 that prior to the pipeline the harvest and subsistence  
14 activities of people in those regions. That has never  
15 been done and to try to say that there has been no impact  
16 as a result of that is just erroneous.

17           But once again, written comment will be  
18 forthcoming and I'll leave it at that.

19           Thank you very much. 00238

20           HEARING OFFICER GEARY: Thank you for  
21 your comments. Once again, Hank Bartos. Kara Moriarty.

22           MS. MORIARTY: Thank you. My name is  
23 Kara Moriarty and I am the president and CEO of the  
24 Greater Fairbanks Chamber of Commerce. I am here to  
25 testify tonight in support of the Draft Environmental

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1 Impact Statement and the Commissioner's preferred  
2 alternative and recommended findings.

3 The Fairbanks Chamber represents almost  
4 700 businesses in Fairbanks with over 80 percent of those  
5 businesses as being small businesses, i.e., they only  
6 have one to two employees. The board of directors passed  
7 a resolution of support of the Trans-Alaska Pipeline  
8 renewal process during the scoping meetings last fall and  
9 again, recently as of July 29th, passed another  
10 resolution that I would like to read for the record.

11 This is a resolution by the Greater  
12 Fairbanks Chamber of Commerce Supporting the Draft  
13 Environmental Impact Statement for the Trans-Alaska  
14 Pipeline System Right of Way Renewal.

15 Whereas, the Trans-Alaska Pipeline system  
16 was granted a 30 year Right of Way in 1977 by both  
17 Federal and State agencies; and

18 Whereas since the current Right of Way  
19 leases expire in May 2004, the six companies that own  
20 TAPS filed State and Federal applications to renew the  
21 pipeline's Right of Way for another 30 years; and

22 Whereas the Right of Way renewal process  
23 requires a full Environmental Impact Statement, examining  
24 impacts on the physical environment, biological resources  
25 and social systems; and

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1                   Whereas the TAPS has transported over 13  
2 billion barrels of oil from the North Slope to tankers in  
3 the Port of Valdez since its beginning; and

4                   Whereas the production of forecasts for  
5 the next 30 years, which are very important, indicate  
6 North Slope production to be an estimate 8.9 billion  
7 barrels of crude oil, at a value of \$374 billion; and

8                   Whereas approximately a million barrels  
9 of oil are transported through TAPS every day  
10 representing approximately 17 percent of the United  
11 States' crude oil production; and

12                   Whereas petroleum industry spending  
13 generates revenue of more than \$250 million a year in the  
14 Fairbanks economy; and

15                   Whereas the pipeline has been operated  
16 safely, efficiently and reliably with a reliability  
17 rating of over 90 percent for over 20 years; and

18                   Whereas the current Federal grant and  
19 State lease expire in 2004 seek to extend the grant and  
20 lease for another 30 years; and

21                   Whereas negative economic consequences  
22 would occur if the lease was granted for a shorter period  
23 of time, such as increased financing and bonding costs, a  
24 decrease in future investment and exploration on the  
25 North Slope and reducing the flow of funds into Federal,

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(Cont.)

1 State and more importantly for us, local governments; and

2 Whereas the current Joint Pipeline Office  
3 consisting of 13 State and Federal agencies provide  
4 sufficient oversight of TAPS thus negating the need for  
5 any additional oversight which would cost additional  
6 operating costs for TAPS; and

7 Whereas a shorter lease period and  
8 additional oversight would have a significant impact on  
9 cost of doing business, thus reducing productivity and  
10 profitability.

11 Therefore Be it Resolved that the Greater  
12 Fairbanks Chamber of Commerce fully supports the Draft  
13 Environmental Impact Statement for the Trans-Alaska  
14 Pipeline system Right of Way renewal for another 30 years  
15 without additional requirements or oversight.

16 In conclusion, Alyeska has been a very  
17 good corporate citizen in our community. We think that  
18 they've always been very open. When the Chamber ever had  
19 concerns, we have a good working relationship with  
20 Alyeska and that provides -- we think we have a good  
21 avenue if our community or if our chamber members have  
22 any concerns with Alyeska, they've always been very open  
23 and willing to work with us with those concerns.

24 That concludes my comments.

25 HEARING OFFICER GEARY: Thank you. We'll

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(Cont.)

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1 enter these into the record as Exhibit 58.

2 (Hearing Exhibit 58 marked)

3 HEARING OFFICER GEARY: Buzz Otis, number  
4 21.

00239

5 MR. OTIS: I can't believe she's taller  
6 than me. Good evening. My name is Buzz Otis. And I'm  
7 chair of the Fairbanks Chamber of Commerce this year and  
8 I won't comment from that perspective, as I believe Kara  
9 has done a very able job of that. But I also have a  
10 business called Great Northwest and I'm president of that  
11 company. We're a Fairbanks-based contractor and I've  
12 been in business -- we're now in our 27th year of  
13 business, a company I started in 1976. We have over 200  
14 employees that work throughout the state during the peak  
15 of our season. And I am here tonight to urge the renewal  
16 of the Right of Way for the Trans-Alaska Pipeline for  
17 another 30 years.

239-1

18 I moved to Alaska in January of 1975 and  
19 shortly after arriving here I worked for a geophysical  
20 services company called GSI on the petroleum reserve up  
21 in the North Slope, NPRA, as a laborer stomping geophones  
22 out in the snow and the ice and I did that for a few  
23 months until break up and then was able to go out and  
24 work on the Trans-Alaska Pipeline as a labor in June of  
25 '75 and worked pretty much steadily for a year until May

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1 of 1976 when I came back to Fairbanks and founded Great  
2 Northwest.

3 I'd work the springs and summers and  
4 falls in my construction business. I started out a  
5 landscape contractor and now we've grown into a civil  
6 construction company covering all phases of earthwork.  
7 But in the winter I'd go back and work along the pipeline  
8 or work on the North Slope and the Prudhoe Bay area to  
9 subsidize my losses from starting a business. Then the  
10 day of reckoning came when there was no more work up  
11 there for a laborer. Things were pretty tight. I think  
12 that was about '70 or '80 and so I went back to school at  
13 Michigan State to try to learn more about being a  
14 businessman in the wintertime and running a business in  
15 the summer. But it was always a constant evolution.

16 I mention that because it's important, I  
17 feel that, you know, the oil industry has helped develop  
18 business people like myself who are now able to give back  
19 to the community. We see huge amounts of capital  
20 projects that were coming down, being authorized through  
21 Juneau as a result of the royalties paid by the oil  
22 industry in the early '80s. That helped grow my  
23 business. It helped grow a lot of other businesses in  
24 this state.

25 As I mentioned we were primarily involved

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1 in beautification work back then and we did things like  
2 landscaping the airport right of way on Airport Way, the  
3 median there, building parks and where it was --  
4 basically around here if you built a park it was a virgin  
5 piece of ground and you go in and do some clearing and  
6 grubbing and you put in a road and a restroom facility  
7 and some soccer and baseball fields and, you know, there  
8 were local trails, programs for the borough, we had road  
9 service areas, that money was a direct result of the  
10 royalties that we saw coming into Juneau. And I also  
11 happen to serve on the Assembly from 1982 through 1988  
12 and I can tell you there were significant capital  
13 projects that came as the result of the Prudhoe Bay  
14 development. It not only helped my business grow and  
15 flourish but it also helped our community grow in good  
16 ways.

17 I am an environmentalist. I love Alaska.  
18 I love its rugged beauty and fortunately have the  
19 opportunity to fish, hunt, boat, hike and recreate here  
20 with my family and friends.

21 However, I'm a pro-development  
22 environmentalist that believes that it is imperative that  
23 we have a balance. A well thought out balance between  
24 environmental interests and development interests. I  
25 submit to you that the Trans-Alaska Pipeline is an

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1 example of a balanced interest between doing it right and  
2 developing something in that manner.

3 I believe it was a quality development  
4 from the beginning. I was amazed, you know, there was  
5 times I, you know, sat there as a laborer just out of  
6 college wondering how this thing was going to work, you  
7 know. And in fact, I remember people -- that was a lot  
8 of the discussion on the pipeline, was whether the thing  
9 would work or not. And low and behold when they cranked  
10 that baby up it did work and it's continued to work for  
11 over 25 years. And, you know, it's continually being  
12 upgraded by Alyeska and I think their record speaks for  
13 itself.

14 I think it's important to have a balanced  
15 environmental development plan. I believe the oil  
16 industry does just that. No costs are spared when it  
17 comes to oil spill prevention, quality and timely  
18 replacement of worn valves and parts, safety, health of  
19 their people, hiring the Native people, training the  
20 Native people, training the non-Native people for  
21 excellence. The integrity of Alyeska is excellent and  
22 I'm proud to have their presence here in Alaska.

23 We need to remember that 85 percent of  
24 the state revenues come from oil royalties and we must  
25 send the right message as citizens of Alaska that a 30

239-3  
(Cont.)

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239-5

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1 year renewal is imperative to keep investment active in  
2 Alaska's exploration and development of its oil fields.  
3 We are competing on a worldwide basis with capital from  
4 the owners of Alyeska, the oil firms that od business in  
5 this state and we need to send the right message so that  
6 they continue to invest here because I tell you, there's  
7 a lot of places in the world that they could invest that  
8 don't have the environmental standards but they chose to  
9 invest here, being a good environmentalists doesn't scare  
10 them away.

239-5  
(Cont.)

11 I don't believe the pipeline does need  
12 any additional citizen oversight. They have enough  
13 oversight by the Joint Pipeline Office, DEC, DNR, as well  
14 as internal oversight and a goal of excellence that -- I  
15 mean if they spill one drop of oil it's a concern to them  
16 and their goal is not to -- I mean they measure it in  
17 teaspoons, not gallons, not barrels.

239-6

18 So I'd urge you to renew the 30 year  
19 renewal as requested in the Draft Environmental Impact  
20 Statement and it's imperative that the economic engine in  
21 this state is kept running on all cylinders. They're  
22 very supportive of people that don't have the needed  
23 things in life. I mean they help out with United Way,  
24 they help out with sports teams, they help Alaska  
25 Children's Trust, I mean the list goes on and on and on.

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1 I mean they're good corporate citizens and we should  
2 reward good corporate citizenship. I mean if they were  
3 spilling oil every month I'd feel differently about it or  
4 even every year, but they don't. They take it very  
5 seriously and good behavior deserves a long-term lease  
6 renewal.

239-7  
(Cont.)

00240

7 Thank you.

8 HEARING OFFICER GEARY: Thank you for  
9 your comments. Deb Moore.

10 MS. MOORE: Good evening. My name is Deb  
11 Moore and I represent the Northern Alaska Environmental  
12 Center and I'll be commenting tonight on the Draft  
13 Environmental Impact Statement. The Northern Center will  
14 be submitting written comments at a later date.

15 Although the Northern Center does  
16 appreciate this opportunity to provide comments on the  
17 Draft EIS for TAPS, we wish to publicly express our  
18 dissatisfaction with BLM's refusal to extend this comment  
19 period to a reasonable length of time. 45 days is simply  
20 too short of time for members of the public to analyze  
21 all of the important issues raised by a 1,700 page Draft  
22 EIS that purports to justify a 30 year renewal of the  
23 Federal Right of Way of TAPS. The public's opportunity  
24 to comment is further limited by the late summer time  
25 period when comments -- when most Alaskans are busy with

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1 a myriad of other activities crammed into a very short  
2 warm period.

3 BLM and DNR could have better facilitated  
4 public involvement in this process by extending the  
5 comment period.

6 Last October the Northern Center provided  
7 comments at the scoping meetings for this DEIS, at that  
8 time we noted that this renewal process provided an  
9 important opportunity for improvement of both the safety  
10 and monitoring of the pipeline. We suggested three such  
11 improvements.

12 A more thorough environmental review.

13 A shorter more reasonable renewal period.

14 And the establishment of a formal  
15 citizen's advisory council.

16 Obviously, we are extremely disappointed  
17 that none of these recommendations have been included in  
18 the DEIS.

19 Moreover, earlier this year the Alaska  
20 Forum for Environmental Responsibility developed a list  
21 of six recommendations for the Draft EIS that, again,  
22 would have improved safety and monitoring as well as the  
23 eventual dismantlement of the pipeline. The Northern  
24 Center fully supports these recommendation which include  
25 and as Stan mentioned earlier,

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240-3

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240-5

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|---|---|--|
| 1<br>2<br>3<br>4<br>5<br>6<br>7<br>8<br>9<br>10<br>11<br>12<br>13<br>14<br>15<br>16<br>17<br>18<br>19<br>20<br>21<br>22<br>23<br>24<br>25 | <p>The establishment of a citizen's oversight group.</p> <p>Placement of DR&amp;R funds into an escrow account.</p> <p>Renewal made conditional on satisfactory completion of an evaluation including a technical review and audit every five years.</p> <p>Establishment of an advisory panel to consider how best to provide a single responsible managing party and a stable source of funding for TAPS.</p> <p>Incorporation into the Right of Way renewal of provisions establishing and ensuring a viable employee concerns program on TAPS.</p> <p>And a thorough review of stipulations attached to the Federal and State grant and lease agreements to assure they reflect scientific and technological advances during the last three decades in the disciplines relevant to the safe transport of crude oil across Alaska and experience with the operation of TAPS.</p> <p>However, yet again each and every one of these recommendations was ignored in the Draft EIS. We are very concerned with the increasingly obvious disinterest both the agencies and industry have to using this EIS process as a means of improving the safety or</p> | 240-6<br><br>240-7<br><br>240-8<br><br>240-9<br><br>240-10<br><br>240-11<br><br>240-12 |
|---|---|--|

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1 monitoring of the pipeline.

240-12  
(Cont.)

2 I would like to address in detail a few  
3 of these recommendations. When TAPS was originally built  
4 it's life expectancy was 30 years. Now, however the  
5 owners propose to double that lifetime. Yet, the Draft  
6 EIS does not adequately address the current or potential  
7 maintenance concerns associated with an aging pipeline.  
8 Alyeska is quick to state that the pipeline will proper  
9 maintenance but are they providing proper maintenance.  
10 The renewal application assumes that they are but  
11 certainly doesn't provide any proof. Yet considering  
12 Alyeska's recent decision to lay off 140 employees due to  
13 budgetary concerns, proof should be absolutely mandatory  
14 and as a condition of reauthorization there should be a  
15 periodic technological and environmental review of the  
16 pipeline.

240-13

17 In addition, the Draft EIS does not  
18 adequately address climate change and its impacts on  
19 permafrost and TAPS structural supports. The DEIS does  
20 mention the possibility of further melting of permafrost  
21 due to an increase in average temperature and admits that  
22 these processes would continue to impact the integrity of  
23 TAPS, if not carefully monitored and managed. However,  
24 there is no proposal or detailing of how TAPS would be  
25 monitored carefully, specifically for climate effects.

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1 With the Supreme Court decision to  
2 overturn the Alaska Department of Environmental  
3 Conservation's best available technology criteria,  
4 Alaska's vulnerability to failed spill responses has  
5 increased. Alaska Statutes do not contain strong enough  
6 language requiring Alyeska to provide feasible  
7 functional response plans. As demonstrated, during the  
8 damage done by a bullet hole in fall 2001, even under BAT  
9 criteria Alyeska did not respond quickly enough to  
10 prevent significant environmental damage to the  
11 surrounding vegetation. ADEC should use this renewal  
12 process to develop better criteria with specific  
13 technology requirements. The Draft EIS falls back on the  
14 newly developed three-tiered criteria that is not  
15 stringent enough in its requirements to guarantee timely  
16 and effective responses to spills.

240-15

17 The Northern Center strongly believes  
18 that public participation is essential in natural  
19 resource management. Specifically we believe that local  
20 people with a non-monetary interest in the safety of  
21 their communities and their environment should have a  
22 formal advisory role in the safety and oversight  
23 management of the industries that effect them.

240-16

24 Oversight should not be left entirely to  
25 agencies and industries that own, oversee or operate the

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1 infrastructure.

2 Following the Exxon Valdez spill of 1989,  
3 local citizens were given a formal role in oversight of  
4 the marine transportation of oil through citizen's  
5 advisory councils that have been hailed by industry and  
6 government alike as essential to protecting the  
7 environment. We should have a citizen's advisory council  
8 on TAPS where local people and interests are represented  
9 fairly and given formalized oversight of the pipeline.

10 Finally, a recent report by the general  
11 accounting office identified important gaps in the  
12 procedures that govern the eventual dismantling, removal  
13 and restoration of the oil field infrastructure in  
14 Alaska, including TAPS. GAO currently estimates that the  
15 total DR&R liability of the North Slope runs into the  
16 billions of dollars. However, oil company activities on  
17 the North Slope are not required to make any preliminary  
18 showing of adequate funding of DR&R in their Alaska  
19 operations. While TAPS owners have collected DR&R funds  
20 from shippers, instead of placing them into an escrow  
21 account, they have been passed through as profit to the  
22 parent companies. The TAPS DEIS fails to consider these  
23 economic benefits to the pipeline owners as well as the  
24 potential adverse environmental consequences of the  
25 failure to escrow dismantling funds collected by the

240-16  
(Cont.)

240-17

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1 pipeline owners as part of the TAPS shipping process.

2 The Northern Center encourages BLM and  
3 DNR to rethink their reliance on industry assurance in  
4 regards to the safety and monitoring of TAPS. The public  
5 has repeatedly demanded and has been repeatedly promised  
6 a safe pipeline. We strongly urge you to live up to your  
7 promises.

8 Thank you.

9 HEARING OFFICER GEARY: Thank you for  
10 your comments. Bonnie Williams, number 23. 00241

11 MS. WILLIAMS: Hello. My name is Bonnie  
12 Williams. I'm a member of the Fairbanks North Star  
13 Borough Assembly and a member of the Assembly's Economic  
14 Development Commission. However, I'm here speaking for  
15 myself. The Assembly has not yet taken a position.

16 We did take a position last year,  
17 unanimously on the permitting process that impacted the  
18 GVA's request for an intertie(ph). That process, I don't  
19 know if you're all familiar with that, took eight and a  
20 half years. That's a long time to go through a  
21 permitting process and that has very negative impacts  
22 upon the entity trying to achieve their goal and the  
23 people trying to get the power that they were trying to  
24 supply us.

25 Let me read you our Now Therefore Be It

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1 Resolved, that the Fairbanks North Star Borough Assembly  
2 urges the State of Alaska to review it's permitting  
3 procedures and implement such changes and improvements as  
4 will allow for completion and finality in a timely  
5 fashion. I would urge this body to do the same with this  
6 particular thing for TAPS.

7 I support providing a 30 year lease.  
8 It's the only thing that makes economic sense.

241-1

9 I had the opportunity to visit Fairbanks  
10 in 1964 and in 1964 this was a radically different  
11 community, a very tiny community. There was this little  
12 core thing and then you drove on a dirt road that is now  
13 College Road to the University and you couldn't cross the  
14 river down University Avenue. There was no Parks  
15 Highway. There weren't very many people. There weren't  
16 very many businesses. There was a lot of unemployment in  
17 the winter. And there was some employment in the summer.  
18 It looked like this on a graph.

241-2

19 Today we might rise to seven and a half  
20 percent unemployment in the winter and we drop down to  
21 five and a half, 5.4, 5.3 in the summer. We have a lot  
22 of good paying jobs year-round, 12 months. We have a lot  
23 of solid, extended union jobs. We have a lot of  
24 businesses that have developed dealing with the pipeline,  
25 with the explosion and the expansion from the pipeline

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1 and with other entities that were attracted. We're  
2 trying to develop and expand our economy and that means  
3 that we need to provide an environment here that is  
4 friendly to business. Permitting processes that take  
5 eight and a half years are not friendly to business. They  
6 don't achieve anything. They're very negative.

241-2  
(Cont.)

7 Providing five year leases for an oil  
8 pipeline that's a multi-multi billion dollar investment  
9 involving a multi-billion -- God knows how much, industry  
10 for something that keeps this nation going, five year  
11 leases, this is crazy, 30 year leases make a lot of  
12 sense.

241-3

13 Speaking from the Assembly aspect,  
14 certainly we like having them here. They started paying  
15 taxes on that pipeline in 1975. Going through the year  
16 2002, we, the borough, have collected \$132,861,806.72  
17 This year just on the areawide and the non-areawide we  
18 collected over \$4 million. If we had to tax houses  
19 instead to get that we would need an additional 2,33  
20 \$100,000 homes in this community. That's an enormous  
21 expansion of the available residential properties and, of  
22 course you can't have that expansion if you take away the  
23 pipeline. If you risk the pipeline, instead people will  
24 be exiting. We will have real estate prices plummeting  
25 and people exiting the state.

241-4

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1           Those of us who were around will remember  
2       what happened to both Anchorage and Fairbanks when that  
3       happened in the 1980s. There were over 40,000 people  
4       that left Anchorage alone and there were lots of empty  
5       malls and lots of empty houses.

241-4  
(Cont.)

6           We're hoping for a gas pipeline here.  
7       One of the things that the people that might do the gas  
8       pipeline would need is a stable taxation environment, a  
9       reasonable permitting environment, and a community in a  
10      state that actually wants resource development and sound  
11      business. The only way we can get there is to do a good  
12      job on TAPS and to keep doing a good job on those people  
13      that we elect on the oversight committees.

14          I noticed in the newspapers they say that  
15      there are 13 State and Federal agencies. I heard a  
16      gentleman this evening say that there are 20. I'm not  
17      sure anybody knows how many there are. There are a lot.  
18      A lot, right. Do we need one more compromised of  
19      citizen's? Do we need them institutionalized or are we  
20      better off having watch dogs out there who are unhappy  
21      with the whole thing, who keep raising their hand and  
22      saying you might have a problem here, you might have a  
23      problem there. I think we're better off that way.

241-5

24          These Federal and State oversight groups,  
25      I trust, and if they fail that trust, if they don't do

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1 their job there's a way to hold them accountable. It  
2 happens at the ballot box. We elect new people. They  
3 throw the bums out and we bring in new, more competent  
4 oversight watch dogs. A citizen's oversight review  
5 doesn't have that accountability.

241-5  
(Cont.)

6 I urge you to do the 30 year, not add  
7 oversight and not to extend the comment period, you're  
8 right on track.

241-6

9 Thank you.

10 HEARING OFFICER GEARY: Thank you for  
11 your comments. Harry Lord, number 24.

00242

12 MR. LORD: Good evening. Thanks for this  
13 opportunity.

14 My comment on the Draft EIS, I haven't  
15 even seen it. And I think that the time allotment is  
16 deserving of an extension, you know, for time to review  
17 what's in the statement. I haven't seen it but I've seen  
18 an assessment of it and I'm not impressed. I believe  
19 that Prudhoe Bay and Trans-Alaska Pipeline system from a  
20 scientific point of view is nothing to be proud of.

242-1

21 The environmental impact is horrendous.  
22 The chemical contamination is serious. And I think that  
23 we need to have a real critical view of what has happened  
24 in the last 30 years since the system came on line.

242-2

25 I'm concerned about the hydrogen sulphide

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1 problem and it's a serious one. The most toxic poison  
2 known to man. It's deadly stuff. And I'm not sure if we  
3 can deal with that problem on the magnitude that it  
4 exists.

5 Thank you.

6 HEARING OFFICER GEARY: Thank you for  
7 your comments. Paul Barrett, number 25. 00243

8 MR. BARRETT: Thank you. I'm here  
9 tonight wearing two hats. I'm representing the Alaska  
10 Outdoor Council initially and then I have some comments  
11 that are strictly my own.

12 The Alaska Outdoor Council is a non-  
13 profit organization of over 2,500 individual members and  
14 50 outdoor clubs for a collective membership of near  
15 12,000 Alaskans. Our primary interests are the  
16 conservation of fish and wildlife and protecting the uses  
17 that derive from that conservation, including hunting,  
18 fishing, trapping and public access.

19 I appreciate the opportunity to comment.

20 First The Alaska Outdoor Council supports  
21 renewal of the Trans-Alaska Pipeline lease and permit so  
22 long as adequate safeguards can ensure its future use in  
23 an environmentally safe manner. With age, it becomes  
24 most important to implement the necessary upgrades and  
25 maintenance to keep the pipeline safe for the environment

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(Cont.)

243-1

243-2

1 for fish, wildlife and Alaskans. We are confident those  
2 measures are being considered and implemented.

3 Our main purpose for testifying today is  
4 regarding public access. While we recognize that the  
5 events of September 11th and the shooting incident soon  
6 thereafter have contributed to a heightened sense of  
7 awareness and need for additional security. We've grown  
8 increasingly concerned that the those short-term events  
9 may unnecessarily hinder long-term access opportunities.  
10 Law abiding Alaskans have been accessing the pipeline  
11 corridor for decades to reach their favorite outdoor  
12 destinations and we strongly feel they should not be  
13 penalized unnecessarily for the actions of a few.

14 Please do not infer that we feel security  
15 is not important. On the contrary, it is vital to the  
16 safe and effective ongoing operation of the pipeline.  
17 Unlike the line itself, however, security is a dynamic  
18 process that fluctuates in accord with threats, both real  
19 and perceived of present day realities.

20 In response to those changes, we  
21 respectfully suggest that it poses an opportunity to more  
22 fully involve, educate and garner public acceptance of  
23 the laws and regulations governing public access within  
24 the pipeline corridor. Because there are valid access  
25 concerns from many different interests, hunters, trappers

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243-2  
(Cont.)

243-3

1 and fishers among them, we respectfully the Joint  
2 Pipeline Office consider the establishment of an ongoing  
3 access committee that includes these interests and that  
4 can respond to the times of the day and the times of  
5 tomorrow in a safe and balanced manner.

243-3  
(Cont.)

6 We testified on this concept in the  
7 October 2001 scoping hearings and have yet to receive a  
8 reply as to whether this is plausible.

9 We feel strongly that an access committee  
10 is an effective way to balance the needs of both industry  
11 and users without reaching unfortunate and often  
12 unnecessary highs and lows associated with security and  
13 access. More involvement, more acceptance, better  
14 decisions are what is needed.

243-4

15 Your efforts to keep the pipeline secure  
16 and safe for all Alaskans are very much appreciated.  
17 Please keep in mind that as access discussions move  
18 forward and as times change, which they always do, that  
19 the JPO is equipped with a public process that can  
20 flexibly adapt and respond to those changes and not  
21 necessarily hinder the uses associated with the pipeline  
22 which Alaskans have come to enjoy.

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23 Respectfully submitted, the Alaska  
24 Outdoor Council.

25 My feelings are as follows:

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1 The pipeline, for most of its length,  
2 passes over public land, State or Federal. When the  
3 current State least and Federal permit were issued in  
4 1974, a mostly prophylactic approach was adopted  
5 regarding public access. With minor exceptions, linear  
6 access along the pipeline Right of Way was denied to the  
7 general public. Later the public was also excluded from  
8 most of the length of most access roads. After last  
9 September's tragedy, virtually all public access to the  
10 Right of Way and access roads has been eliminated.

11 The restriction and eventual elimination  
12 of access was the result of a concern for the integrity  
13 of the pipeline. Because there had never been an  
14 undertaking like the Trans-Alaska Pipeline, the extent of  
15 its vulnerability and the likelihood of its being  
16 targeted were unknown. September 11th and the October  
17 2001 shooting, notwithstanding, the pipeline has rarely  
18 been targeted for serious vandalism or sabotage. And  
19 there is no reason to believe that anyone intent upon  
20 such mischief would ever be deterred by a keep out sign  
21 or a gate. As Alyeska says in its Draft Environmental  
22 Report dated February 15, 2001, recreational use of the  
23 TAPS Right of Way for such activities as hiking, jogging,  
24 mountain biking and snowmachine generally is compatible  
25 with safe pipeline operation.

243-6

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1 The shooting incident demonstrates, of  
2 course, that the line is literally nor figuratively  
3 impervious. However, to allow that regrettable and  
4 isolated criminal act to be the basis for another 30  
5 years of prohibited public access would be an  
6 overreaction and an error.

7 Rather than continue the prohibitory  
8 restrictions on public access I request that a mechanism  
9 be created to periodically evaluate which portions of the  
10 Right of Way and access roads might be safely opened to  
11 the public. Different areas raise different levels of  
12 concern. For example, the concerns about vandalism seem  
13 more realistic in areas where the pipeline is elevated  
14 than areas where it is buried. Likewise, some portions  
15 of the Right of Way have greater recreational potential,  
16 while other areas have less, as to the access roads.  
17 Also, the nature and extent of these concerns change over  
18 time. Thus, a periodic reassessment would seem  
19 appropriate.

20 The Right of Way and access roads hold  
21 tremendous potential for a variety of recreational users,  
22 including hunters, trappers, fishers, snowmobilers,  
23 skiers, ski-jorers, hikers, dog mushers, berry pickers  
24 and photographers. This land is our land, too. I  
25 request that some consideration be given to our

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(Cont.)

1 legitimate access needs.

2 I, along with others, raised these points  
3 at the October scoping hearing but they have not been  
4 addressed in the Draft Environmental Impact Statement.  
5 Please incorporate these comments into the records. The  
6 favor of your response to me at the above addressed is  
7 requested.

8 That completes the testimony I had  
9 prepared for tonight and I'd like to close with an  
10 anecdote. As I sat here this evening waiting my turn, I  
11 heard a number of glowing and I think mostly deserved  
12 testimonials about the quality of the operation of the  
13 pipeline and it gave me a sense of deja-vu and I  
14 remembered back to that earlier time and it was in 1975  
15 and I was living and practicing law in Valdez and it was  
16 the height of the pipeline construction and I was  
17 privileged to be one of the directors of the Chamber of  
18 Commerce there. And an environmental concern was raised  
19 that hadn't been raised before, that set forth a scenario  
20 of an environmental disaster and we were concerned about  
21 that and we asked the people associated with the pipeline  
22 and the construction of it what their comments were and  
23 literally to a person, they were dismissive of this  
24 scenario, this cannot happen and if it does we have layer  
25 upon layer of redundant safeguards to prevent any harm

243-6  
(Cont.)

243-7

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1 from happening.

2 Sounded good. Sounded great.

3 So the concern was dismissed out of hand,  
4 nothing was done about it. You might ask, well, what was  
5 this scenario that was so incredibly unlikely and had so  
6 many safeguards that it if did occur no harm would  
7 result. The scenario was that Columbia Glacier would  
8 calve a large iceberg and that the tidal currents in  
9 Prince William Sound would carry that iceberg into the  
10 line of travel of an outgoing tanker and in order to  
11 avoid that iceberg the tanker would change course and  
12 would drive upon Bligh Reef; and that was the concern.

13 Thank you very much. I'd like to file  
14 these for the record.

15 HEARING OFFICER GEARY: I'll attach the  
16 comments as Exhibits 59 and 60. Thank you for your  
17 testimony.

18 (Hearing Exhibit 59 and 60 marked)

19 HEARING OFFICER GEARY: John Brown,  
20 number 26. 00244

21 MR. BROWN: My name's John Brown. I'm a  
22 field representative for the Operating Engineers, Local  
23 302 here in Fairbanks.

24 I'm very proud to represent some of the  
25 men and women who helped build and continue to maintain

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243-7  
(Cont.)

1 the Trans-Alaska Pipeline. It is truly an engineering  
2 marvel. I come tonight to speak in favor of the 30 year  
3 Right of Way renewal.

244-1

4 Alyeska has done and continues to do an  
5 excellent job both operationally and environmentally. We  
6 should not place additional oversight over the pipeline  
7 with a citizen's committee. The Trans-Alaska Pipeline is  
8 already one of the most highly regulated pipelines in the  
9 world.

244-2

10 The citizens of Alaska depend on the jobs  
11 and the economic development created by oil development.  
12 Without the pipeline, those jobs and the economic  
13 development associated with them will come to a halt.

244-3

14 Again, I urge the renewal of the Right of  
15 Way.

16 Thank you.

17 HEARING OFFICER GEARY: Thank you for  
18 your comments. Dan McLean.

00245

19 MR. MCLEAN: My name is Dan McLean. I am  
20 representing myself. I'm a long, long time member of the  
21 IBEW and used to be active in organized labor in Alaska.  
22 I also used to be a liberal labor contributing Democrat.

23 I've spent my life in the construction  
24 industry as my family has and other than those that are  
25 Merchant Seamen and, by the way, the ones that are on the

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1 Great Lakes -- the Great Lakes always were double-hull  
2 waters.

3 I spent a lot of time in Cook Inlet, both  
4 on shore and off and both east and west sides. I was in  
5 Prudhoe Bay before the world knew there was a Prudhoe  
6 Bay. I worked at Kenai Peninsula. And I am one Alaskan  
7 that - I haven't heard this tonight and I'm really  
8 surprised because too many times since the pipeline went  
9 into production I've picked up the local newspapers and  
10 it says Arco settles out of court for 800 million, BP  
11 settles out of court for 600 million and it's happened  
12 several times. I'm not going to guess how many, too many  
13 times, always out of court. And I hear people saying  
14 tonight that renew this pipeline, give it another 30  
15 years. Has anybody went out into west Texas where they  
16 don't have the earthquake faults and the problems and the  
17 glaciers and the big rivers and the things that we've got  
18 and looked at a 50 year old pipeline? Does anybody plan  
19 on going to look at them?

20 I don't trust a 50 year old pipeline  
21 here, in fact, I don't trust a 25 year old one. We got  
22 problems. And one little shake will break it.

23 And it's been my experience that not only  
24 American business but worldwide business they could care  
25 less. They don't run on sentiment, they run on the

245-1

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1 bottom line, the dollar or the yen or whatever.

2 Excuse me, let me mark this off, it's  
3 getting late and I want to get it done and get out of  
4 here.

5 I'm surprised that I saw the IBEW rep and  
6 the pipetitters rep leave tonight, I was really hoping  
7 they would stay. I was going to suggest if you really  
8 want to deal with some real professionals on pipeline  
9 quality, you pick some of these Fairbanks boys that are  
10 the finest pipeline welders on the planet, bring them in  
11 here and put them under oath and find out what the  
12 pipeline is like. Those are the boys that will tell you  
13 how much is scaled off and how deep the corrosion is.  
14 And I've asked -- 15 years ago I asked, get me a piece of  
15 it. I'll send it to Congressman John Dingle in Michigan  
16 and we'll find out about our pipeline. By the way, when  
17 I say oil company or whatever, I mean the whole thing. I  
18 am aware that we have pipeline and then we have Prudhoe  
19 and all that.

20 You know I grew up in the construction  
21 business when you'd go to a 200 man job and there'd be an  
22 old seventh or eighth grade education red-nosed  
23 superintendent with a timekeeper and an engineer and that  
24 man could run a job. He could tell you what afternoon it  
25 would be done. At 6:30 in the morning that man will walk

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245-1  
(Cont.)

245-2

1 around his job and he was gone by 2:30 in the afternoon,  
2 he's an old quarter day man but he knew his business.  
3 But Alyeska, when they come here they couldn't go check  
4 with none of our types like that. They had to set up  
5 their own construction methods which -- and boy, did they  
6 bring help with them. I didn't know that there was so  
7 many assistants to the assistants to the assistants and  
8 each one of them had to have a secretary which was  
9 usually the mistress.

10 It was a brand new construction method to  
11 us.

12 It was a time when an electrician named  
13 Mike Kincaid, Illinois called me, it was the time I was  
14 working in the IBEW union hall and he said, Dan -- he was  
15 at Pump Station one at Prudhoe, he said we found a couple  
16 things and we were just going over them among the crew,  
17 it's pretty serious, he said, one is that all the way  
18 through the fire protection and the UV and whatever  
19 detects the gas and fires in those facilities, he said  
20 this has got reverse polarity on it and he said another  
21 thing we found is the keyed switches in on the 48 inch  
22 pumps, he said there's some safety concerns, this is a  
23 couple years before it went into -- the facilities went  
24 into production and that man brought it up at my urging.  
25 I talked to people about it. They were far above and

245-2  
(Cont.)

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1 beyond listening to any suggestions from working people  
2 that key situation I just brought up to you, out here at  
3 Pump Station eight in August of 1977, the exact thing  
4 that man predicted happened. HR said if somebody don't  
5 take that key and put it in their pocket, somebody --  
6 they're going to have a blow up here and they had one.  
7 Alyeska didn't want to listen.

245-2  
(Cont.)

8 In 1974, I was at the Democratic  
9 Convention when Mike Gravel said don't worry about oil,  
10 he said, and just one of the many proven pools in NPR-4,  
11 Naval Petroleum Reserve No. 4, which is the Barrow that  
12 the Edwardson boy told about, he said, just one of those  
13 proven pools there's enough oil in it to run the United  
14 States at peak World War II demands for 44 years, and  
15 that's just one pool. There's lots of oil out there and  
16 there's lots of gas and they don't need gas, they just  
17 drilled 1,400 new wells in the United States last summer,  
18 that's why the price went down.

19 30 years is way out of the question to  
20 me, the uncertainty, the age of the pipeline, the age of  
21 the facility and, you know, the people running it. And  
22 I'm aware, and I'm dealing -- we're all dealing with  
23 world class businesses. I mean and they will do whatever  
24 they want. Alyeska or TAPS or whatever you want to call  
25 it has been known to tap people's phone lines, has been

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1 known to go to the East Coast to tap them, has went to  
2 critics and tapped their phone lines and put professional  
3 detectives digging through their trash. I believe that's  
4 a matter of record.

245-3  
(Cont.)

5 They talk about the valve maintenance out  
6 in North Pole and the high visibility on it, all it is is  
7 band-aids. Just keeping putting band-aids, employ a few  
8 guys, dig it up here, yeah, but they always dig it up and  
9 take it away, we never see it. You want some pieces  
10 clattered out there on your desk, take a look at them,  
11 you're not even experts in steel, I don't think you guys  
12 would pass them.

13 You talk about the price of oil, always  
14 remember that our oil is West Coast delivered. Nobody  
15 else delivers it. I think the Alaskans pay for that.

16 Also remember back during the pipeline  
17 when they had the X-ray department down there. Yeah, and  
18 they phoned up the X-rays, they'd just run hundreds of  
19 X-rays and just change the number on them. Alyeska  
20 overcome that, too.

245-4

21 One of the first things Alyeska done when  
22 they started to work here is they went down to Juneau and  
23 they got themselves and the entire oil industry  
24 production and exploration and whatever goes with it,  
25 exempted from every building code. The building codes

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1 that apply in this building do not apply to Alyeska or  
2 the oil companies in Alaska, remember that.

245-5  
(Cont.)

3           Heard a lot about JPO tonight, I'll tell  
4 you about JPO. I caught a member of the JPO, if he's  
5 still there, in a flat conspiracy which ripped off the  
6 Alaska Electrical Pension Fund and take that to any  
7 courtroom in the land, I'll go with you.

8           As far as the shooter, that's  
9 unfortunate, that shot that hole in there last fall. I  
10 think with just a little bit of effort you could go to  
11 any crew of pipefitters and we got lots of good ones and  
12 say, if this were to happen, could you guys have  
13 something ready for us and those guys would build  
14 something and in six hours they would be there and be  
15 catching oil and bring it down safely and save a lot of  
16 environmental destruction.

245-6

17           As far as safety on the pipeline, in 1978  
18 out here on Nordale Road there was a hole blown in it, a  
19 half-inch wide and one inch long and it was never noticed  
20 on the boards, the monitoring equipment, that's Pump  
21 Station six or at Pump Station eight, she pumped, and  
22 some guy went by it at daylight in the morning and seen  
23 black stuff squirting out. I was told by an active duty  
24 colonel, full bird, that the Russians come and got that  
25 from just a test shot.

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1 I've mentioned the 50 year pipelines, no,  
2 I don't think they even work in Texas or Colorado or New  
3 Mexico. You know, in Valdez, when they got those  
4 Southern California engineers designing everything, if  
5 you stop in Valdez and ask old Harvey Stelling or one of  
6 the guys there and say, do you think this type of cable  
7 tray or this type of pipe supports would work with the  
8 Valdez snow loads -- no. Alyeska had to learn that the  
9 hard way and wouldn't listen to nobody.

10 You talk about the wages and the jobs  
11 they've given us, I want to say right now that the wages  
12 paid by Alyeska and the oil industry construction people  
13 are derogatory and a slap to any tradesman. I can show  
14 you people in Detroit who are making \$37 an hour when  
15 Alyeska's paying \$22.60, I believe.

16 HEARING OFFICER GEARY: Mr. McLean, that  
17 will have to end your comments, we appreciate your  
18 comments tonight.

19 MR. MCLEAN: Well, good. I only had one  
20 shot more left at you anyway.

21 HEARING OFFICER GEARY: Thank you.

22 Richard Fineberg, number 28. 00246

23 MR. FINEBERG: Thank you. My name is  
24 Richard Fineberg with the Alaska Forum for Environmental  
25 Responsibility. This is my fifth time out here.

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1 The grant and lease terms that were  
2 written nearly 30 years ago will set the course for the  
3 operations of the pipeline for the next 30 years, that  
4 is, if they are approved without modification.

5 Since, and we should be very clear here,  
6 many of those of us who have testified have questioned,  
7 why State and Federal officials have declined to consider  
8 changes in the grant and lease terms. It is incorrect to  
9 say we, therefore, oppose renewal for 30 years. Those  
10 who cannot understand the distinction between opposing  
11 renewal and supporting renewal with modifications,  
12 including conditions are not listening to what we are  
13 saying.

14 Since the pipeline is generally agreed to  
15 be the most important crude oil pipeline in the nation,  
16 it stands to reason that the terms for governance of its  
17 operation should be reviewed carefully to assure that  
18 these terms are appropriate to current conditions and  
19 experience. Why else would be discussing the proposed  
20 renewal instead of granting it automatically.

21 In view of the testaments to the good  
22 faith and the capabilities and the intentions of those  
23 who labor in the oil patch, those testaments offered by  
24 senior oil industry officials and long time workers, let  
25 me make this clear, I yield to no person here in my

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1 respect and admiration for the dedication and the skills  
2 of the TAPS workers who do their utmost to execute their  
3 assignments as carefully and safely and effectively as  
4 possible. But the question remains, are those  
5 individuals constrained by imposed budget cuts that make  
6 it difficult, if not impossible to carry out those  
7 assignments in a manner that ensures the safe operation  
8 we all seek.

9 The legions of senior company officials  
10 who have testified in support of minimizing the costs on  
11 the pipeline for economic reasons, not to mention  
12 political representatives tonight, that testimony  
13 demonstrates the importance of this point and its  
14 potential consequences for public policy.

15 Various people at Alyeska and other  
16 companies in the oil patch have the challenge, the basis,  
17 the conclusions and the recommendations of the report I  
18 prepared and have submitted for the record. For this  
19 reason I would like to make one other brief comment  
20 before I turn to substantive issues.

21 Some people make a big deal of  
22 credentials, I don't. I've always preferred to let the  
23 facts and the logic of my report speak for themselves. I  
24 therefore wish to state for the record that I am formally  
25 trained in public policy analysis. Many of those

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(Cont.)

1 summarily rejecting the contents of my report are not.  
2 But it doesn't take specialized training to recognize the  
3 common sense and the observations that lead many  
4 concerned citizens to seek more time and better  
5 information regarding the questions of pipeline safety.

6 I will try tonight, as I have in my  
7 previous testimony to focus on information relevant to  
8 this geographical area and will rely on various documents  
9 and published reports in the time available,  
10 unfortunately, I won't be able to do that.

11 But my clear intention was to do so in  
12 the hope that the individuals in the region where I spoke  
13 would be able to come to their own judgment as to the  
14 merits of the arguments.

15 I'm going to go to design basis and I'm  
16 going to slip to the point of this geographical region.  
17 The document DB180 is the codification of the designing  
18 basis on which Alyeska and JPO place great reliance and I  
19 think it is a commendable effort.

246-4

20 The 2000 version, nevertheless has some  
21 statements in it which are untrue which is flabbergasting  
22 for the design basis of the pipeline.

23 I want to look at the cold restart  
24 problem, a requirement of that design basis. Cold  
25 restart problem was identified by JPO in 2001 as

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1 Alyeska's most important operational problem. Design  
2 basis required that the operators must be able to restart  
3 the pipeline safely after a 21 day shut down during which  
4 the temperature averages 40 degrees below zero. And  
5 Alyeska lost the required cold restart capability when it  
6 shut down four pump stations during 1996 and 1997 for  
7 economic reasons. Two problems affect cold restart. The  
8 main line pipe may become brittle and hence susceptible  
9 to fracture at below 20 below, that's why it is insulated  
10 or one of the major reasons. The second problem is that  
11 if the oil within the pipe is allowed to gel into a solid  
12 mass the pumps might not be able to break the blockage  
13 without overpressuring the line. Again, the insulation  
14 is crucial. I'm simply going to summarize, in 1999 JPO  
15 reported that Alyeska had committed to the development of  
16 a new cold restart plan, again, two and three years after  
17 the pump stations were closed, it brought Alyeska out of  
18 design basis.

19 However, the report continued in 1999 the  
20 project has been delayed to complete a study to determine  
21 the amount of the pressure that it would take to move  
22 cooled, thickened and possibly gel'd oil. Completion of  
23 the study is planned for the second quarter of 1999.  
24 This is 2002.

25 Well, in 2000 JPO formally ordered

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(Cont.)

1 Alyeska to provide a reliable schedule for the required  
2 cold restart procedure, again. Alyeska missed the  
3 deadline. This is all clearly documented, by the way in  
4 my report, from JPO reports on Pages, I believe it is 29  
5 -- I'm not going to give you the pages, it will be in the  
6 written when that comes in. The long and the short here  
7 is that in 2001 Alyeska discovered what field people had  
8 known for years but its engineers did not. The  
9 insulation due to damage over the years was a moisture  
10 trap putting an icy sheath around the pipeline. We can't  
11 find the resolution of that problem. It was raised  
12 during the scoping, again, I'm summarizing my testimony.

246-5  
(Cont.)

13 These are the kinds of nuts and bolts  
14 problems that can't be dealt with with the kinds of  
15 generalities you've heard tonight.

16 To ensure the safe delivery of oil they  
17 must be resolved in a timely manner. I submit it's self-  
18 evidently not timely. Spending a lot of money is not the  
19 issue. Obviously the owners will do that. The issue is  
20 will they spend sufficient amounts. We have presented  
21 substantial evidence to indicate that they do not and may  
22 not. This issue is fundamental to the long-term safety  
23 of the pipeline, it is an important issue the stewards of  
24 our public resource have ducked.

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25 The written testimony will follow ahead,

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1 one paragraph that I neglected to get into it in my haste  
2 to prepare it.

3 Thank you.

4 HEARING OFFICER GEARY: Thank you for  
5 your comments. All right, we're going to take a 10  
6 minute break. I want to remind everyone that the public  
7 comment tonight is only one of many ways in which to get  
8 your comments into the record. Written comments can be  
9 submitted in lieu of oral. Right now we're at number 29  
10 with 49 folks signed up. So for those of you who wish,  
11 you may want to just submit your comments in writing to  
12 me and I'll enter them into the record. We're going to  
13 go off record for 10 minutes.

14 (Off record)

15 (On record)

16 HEARING OFFICER GEARY: All right, I'm  
17 going to call this hearing back to order.

18 The next speaker we have signed up is Dae  
19 Miles, number 29.

00247

20 MR. MILES: My name is Dae Miles, first  
21 name is spelled D-A-E. I'm speaking as a 27 year  
22 resident and as a candidate for U.S. Congress on the  
23 Democratic ballot on the August 27th primary.

24 The energy crises was the setting for the  
25 original 30 year lease and we got bad terms. Now, we

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